EUROPE'S BUSINESS NEWSPAPER

FINANCIAL TIMES

No.30,658 Tuesday October 4 1988 D 8523 A

Austria	Sch22	Indonesia	Rp3100	Portugal	Esc120
Bahrain	Din0.650	Israel	Shk3.50	S Arabia	Rls7.00
Belgium	BFr48	Italy	L1700	Singapore	S$4.10
Canada	C$1.00	Japan	Y500	Spain	Pta145
Cyprus	C£0.90	Jordan	Fils500	Sri Lanka	Rup30
Denmark	DKr10.00	Kuwait	Fils500	Sweden	SKr9.00
Egypt	E£2.25	Lebanon	$L125.00	Switz	SFr2.30
Finland	Fmk7.00	Lux	LFr48	Taiwan	NT$65
France	FFr6.50	Malaysia	Rin4.25	Thailand	Bht50
Germany	DM2.30	Mexico	Pes300	Tunisia	Din0.800
Greece	Dr120	Morocco	Dh6.00	Turkey	L600
Hong Kong	HK$12	Neth	Fl3.00	UAE	Dh6.50
Iceland	Ikr125	Norway	NKr10.00	USA	$1.00
India	Rup15	Philippines	Pesos40		

CHILEAN VOTE
Pinochet's fate to be decided
Page 24

World News

Discovery lands amid roars of delight

Discovery space shuttle touched down precisely on time in the Mojave Desert in California, ending the first manned US space mission since the Challenger tragedy. Page 4

Aids increase

A World Health Organisation official said there had been a sharp increase in the number of adults with AIDS and that there was a global pandemic spreading through the human population. WHO had counted 250,000 to 300,000 cases of AIDS to date, and estimated 5-10m people had been exposed to the virus, half of whom might develop the disease within eight years.

West Bank protest

Palestinians in the West Bank and Gaza Strip held another general strike in protest at a decision by Israeli authorities to keep schools and universities in the territories closed until the middle of next month. Page 6

US warns Chile

The State Department said it had told President Pinochet's Government of serious US concern at reports that he might cancel the vote on whether he should stay in power until 1997 or nullify the result. Opposing sides, Page 24

Unita offer

Angolan rebel leader Jonas Savimbi a ceasfire with Cuban troops in Angola if Cuba stopped attacking his forces, the BBC reported. He proposed a swap of Cuban and Unita prisoners and asked Cuba to press Luanda to form a coalition government.

PLO election move

Mustafa Natshe, deposed mayor of Hebron and vocal Palestinian leader in the occupied West Bank, said he believed the PLO might suspend armed struggle to help the Israeli left win elections on November 1.

Burma strike ends

Thousands of civil servants and factory workers heeded official warnings and returned to work as the military Government appeared to have broken Burma's first general strike in 26 years. Page 6

US, Greece in talks

Greek and American negotiators resumed talks for a new bases agreement after differences over a Greek demand for the closure of a US Air Force base at Athens Airport were smoothed out. Page 3

Libya, Chad link

Libya and Chad announced they had restored diplomatic relations, just over a year after signing a ceasefire which ended their war. Page 6

Peking visit

Rajiv Gandhi, India's Prime Minister, is to visit Peking in December for talks with Chinese leaders. Page 7

Jamaica aid

President Reagan told Jamaican Prime Minister Edward Seaga the US would give $125m to help it after damage caused by Hurricane Gilbert.

Enclave visit

A senior Soviet official in charge of nationalities issues was sent to the Azerbaijani region of Nagorno-Karabakh as strikes continued to paralyse the disputed territory.

Business Summary

Taiwan yields to pressure on securities tax law

TAIWAN'S financial authorities have apparently succumbed to pressure from investors and stockbrokers and changed a revision of the law concerning taxes on securities transactions – announced last week – which has seriously affected trading on the exchange. Page 24

MCDONNELL DOUGLAS, US manufacturer, has won a SFr3bn ($1.8bn) contract to equip the Swiss air force with 34 of its F/A-18 Hornet combat aircraft. Page 9

SIR RON BRIERLEY, New Zealand entrepreneur, has acquired a 5.2 per cent stake in Vickers, UK engineering to Rolls Royce cars group, during the past six weeks. Page 25

BOUYGUES, leading French construction and communications group whose shares have been under heavy pressure, emphasised that Robert Maxwell acted on his own initiative when he revealed he had acquired a stake of nearly 5 per cent in the company. Page 26

UNITED STATES' factory orders, which have been spurring the overall economy, rose a strong 3.1 per cent in August, US Commerce Department said.

SCANDINAVIAN Airlines System and Texas Air, US airline, are expected to announce a co-operation agreement in New York which would give the Scandinavian carrier more destinations in the important US market. Page 25

CHANNEL TUNNEL is on target to open in May 1993, but will cost 7.2 per cent more than forecast, Anglo-French Eurotunnel consortium said. Page 25

DU PONT, biggest US chemicals company, is to introduce new products such as drugs and electronic imaging systems into its traditional business of basic chemicals. Page 26

CHASE MANHATTAN, US bank, is joining forces with Silvio Berlusconi's Fininvest group in Italy to market two new mutual funds designed to channel Italian investment into foreign equities and bonds. Page 31

JAMES CAPEL, London stockbroker owned by Hongkong and Shanghai Banking Corporation, is to expand its Singapore presence by taking eventual control at Kay Hian, local securities firm. Page 27

M.N. ROTHSCHILD, UK merchant bank, has joined forces with Carlos Langoni, former Brazilian central bank governor, to create a company designed to develop opportunities in the growing Brazilian debt/equity swap market. Page 31

BANQUE Nationale de Paris, France's biggest in terms of assets, said its earnings for the first half of 1988 were up 5 per cent from a year earlier, largely reflecting a dip in its operating provisions. Page 28

NORDBANKEN, Sweden's fifth-largest publicly quoted commercial bank, reported a five-fold increase in profits for the first eight months, indicating the cost-cutting programme and tougher stance on credit losses have taken effect. Page 28

GROUPE Saint-Louis, French food group, reported a 27 per cent increase in first-half consolidated net income to FFr179m ($28m) after payments to minority interests. Page 29

GKN, UK engineering group, paid £47.8m ($80m) for a 22.02 per cent stake in Westland, British helicopter manufacturer, and said its aim was to gain a controlling interest in the company. Page 25

Lebanese police announce release of Indian hostage

LEBANESE police said last night that one of the foreign hostages held in Lebanon had been freed, shortly after the US and Syria both announced that they were expecting someone to be released, Our Foreign Staff reports.

The police, and a Lebanese radio report, named the man as Mr Mithileshwar Singh, a 61-year-old Indian professor resident in the US. He and three American colleagues, all working at the Beirut University College, were abducted early last year.

"We do not have any details. We have not been told a name, a time, a location," Mr Marlin Fitzwater, the White House spokesman, said shortly before the news from Beirut. "We have heard this before and it hasn't happened."

Despite this disclaimer, one State Department official was quoted as saying that the US was "highly optimistic" that the release would take place.

Mr Farouq al-Shara, Syrian Foreign Minister, told reporters in New York that a hostage would be released in Lebanon and NBC News, the US television network, reported that Mr Alann Steen, one of Mr Singh's colleagues, was being released and was on his way to Damascus, Syria.

Concern about American hostages in Lebanon helped to trigger the worst political crisis to overtake President Ronald Reagan: the Iran/Contra scandal which erupted in November 1986 and during which it emerged that in defiance of its own stated policy the US had sold arms to Iran in an effort aimed in part at gaining the release of the US hostages.

Yesterday Mr Fitzwater insisted that Washington had made no deals to gain the release of a hostages adding: "Iran is talking to a lot of people. I do not deny that there are people talking to Iran about the hostages but no US officials are talking to them."

On Saturday, the Islamic Jihad for the Liberation of Palestine, which claims to be holding hostage the four Americans seized on the campus of Beirut University in January 1987, said it would release one of them "to prove our goodwill and seriousness in this matter." Asked about the statement, President Reagan said on Saturday: "We are not negotiating directly with Iran.

Although the release of all the American hostages in the midst of the presidential election campaign could be expected to benefit Vice-President George Bush, the political repercussions from the release of only one or two hostages are much more unpredictable. It brings back into focus the hostage issue and the question of what the Reagan Administration is doing about it. The debate will also tend to revive memories of the Iran/Contra affair.

Twenty-five foreigners including nine Americans are believed to be held hostage in Lebanon. Prospects for their release have improved with the ceasefire in the Gulf War and Iran's efforts to improve its relations with the West.

At the same time Syria, with at least 25,000 troops in Lebanon, has been attempting to project the image of a responsible power-broker.

Mithileshwar Singh: Reportedly freed

Kuwait faces British order to halve 21.7% stake in BP

By Max Wilkinson, Resources Editor, in London

THE STATE-OWNED Kuwait Investment Office is expected to be told today that it must halve its 21.7 per cent stake in British Petroleum, the UK's largest company.

The announcement is due to be made by Lord Young, Britain's Trade and Industry Secretary, who will be giving the Government's response to a Monopolies Commission report into the controversial holding.

He is expected to order the Kuwaitis to reduce their holding to about 10 per cent, although they will not be required to divest immediately. Terms of the divestment, designed to upset the BP share price as little as possible, will be arranged with the Office of Fair Trading.

The decision will be welcomed by BP which protested strongly as soon as it realised that that the Kuwaitis intended to build up a substantial strategic stake in the company.

The KIO started buying BP shares in a modest way soon after the Government's £7.2bn share offer flopped on the market in October 1987.

The offering, which included a £1.5bn rights issue by the company along with the Government's 31.5 per cent stake in BP, had been fully underwritten by institutions in the City of London.

However, as a result of the collapse in world share prices between the offer and the closing date, there were few takers for the stock. Despite strong pressure to withdraw the offer, Mr Nigel Lawson, the UK Chancellor of the Exchequer, insisted that it should go ahead, arranging with the Bank of England to guarantee a minimum price of 70p for the partly paid stock for a limited period.

The KIO started buying cautiously at first but was able to build up a stake of 15 per cent by the first week in November without any large effect on the price.

At that time BP's attention was partly diverted by its own battle to take over Britoil, the UK's largest independent oil producer. However, Sir Peter Walters, BP's forceful and influential chairman, soon made it clear that he found the Kuwaiti stake highly uncomfortable.

He told ministers that BP's prospects might be injured in the US and elsewhere if it were seen to be partly owned by an Arab oil producer which was part of the Organisation of the Petroleum Exporting Countries' cartel.

Discreet attempts were made to persuade the KIO to stop buying the stock but by the turn of the year Sheikh Ali Khalifa, the Kuwaiti Oil Minister, had become interested and was pulling political muscle.

Mr Lawson appears to have made a direct appeal to him at a private meeting in London. However, the two men were old sparring partners. Nearly five years earlier during a visit to Kuwait, when Mr Lawson was Energy Secretary, he had refused point blank to respond to an appeal from Sheikh Ali to co-operate with Opec's pricing policy.

This time it was Sheikh Ali's turn to refuse. When the KIO was "strongly advised" to limit its stake to 20 per cent of the company, it defiantly bought more shares to take it to 21.7 per cent.

By the early summer, British ministers thought they had exhausted all possibilities of persuasion and referred the matter to the Monopolies Commission.

The commission had to decide whether it was against the British national interest for such a large part of BP to be held by a soverign power which was part of the Opec cartel.

Oil price slips as Saudis try to restore Opec quota discipline

By Steven Butler in London

OIL PRICES continued to slide yesterday as traders reacted to growing fears that an all-out production war had begun among Gulf oil producers.

North Sea Brent oil, the most widely traded international crude, was down by as much as 50 cents a barrel during the day, although prices recovered somewhat toward the end of European trading. October cargoes finished the day at $11.60 a barrel, off 27.5 cents on the day.

November futures for West Texas Intermediate Crude on the New York Merchantile exchange traded at $13.12 at midday, off 25 cents.

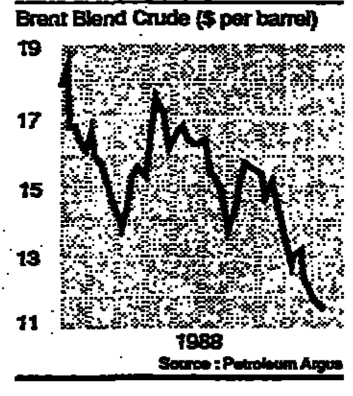
Traders said overall sentiment was bearish and that the part recovery of prices was due to a technical rally in which traders took profits on the steep falls that had already taken place.

Saudi Arabia's oil production has returned as a main focus of traders' concerns. Dr Subroto, secretary-general of the Organisation of Petroleum Exporting Countries, suggested on Friday that Saudi Arabia had already lifted production in an effort to show other Opec members that all would lose unless production discipline was restored.

Saudi output is now estimated at more than 5m barrels a day, roughly 700,000 b/d above quota. Saudi Arabia normally abides strictly by its production although it is unclear how much of its increased output is destined for immediate sale, and how much for storage.

Oil price

Brent Blend Crude ($ per barrel)



Source: Petroleum Argus

The Middle East Economic Survey (Mees), the authoritative Nicosia-based weekly, yesterday reported that at last week's meeting of the Opec price committee Saudi Arabia had warned that Opec members who violated their quotas would not be allowed to reap any benefit.

Mees said that the price committee agreed that the current Opec production agreement was virtually defunct and that a new agreement would have be to constructed from scratch to avoid a collapse of prices.

At the weekend, Mr Gholamreza Aqazadeh, the Iranian Oil Minister, accused Saudi Arabia, Kuwait, Iraq, and the United Arab Emirates of flooding the market with oil and warned of a fall in prices similar to the 1986 collapse.

Opec oil, which tends to be cheaper than Brent crude, is now trading nearly $8 below the Opec price target of $18. The price differential between Brent crude and West Texas Intermediate, which is traded exclusively in the US, has widened sharply in recent weeks.

WTI was yesterday trading about $1.65 higher than Brent, compared to a normal differential of about $1. The wider differential is attributed to a relative shortage of crudes in US market. Oil prices tumbled sharply after last week's Opec price committee meeting in Madrid when the committee's five members failed to make any substantial progress toward resolving the deep rifts in the cartel.

At the meeting it became apparent that basis for the current Opec production agreement had disintegrated.

Friday saw a further steep decline in prices when Dr Subroto warned that oil could hit $5 a barrel if Saudi Arabia continued to increase its production by bringing it up to capacity, at roughly 8m b/d.

Spanish and UK banks in strategic alliance

By David Barchard in London and Peter Bruce in Madrid

ROYAL Bank of Scotland, the sixth largest UK bank, and Banco Santander of Spain, yesterday announced a wide-ranging alliance in the markets of member states of the European Community aimed at enabling them to compete with larger banks after the arrival of a single European financial market in the 1990s.

Mr Emilio Botin, chairman of Santander, described the deal as an unprecedented strategic alliance offering unique opportunities for co-operation between two banks of similar size and standing.

The main features of the alliance will be cross-ownership, shared services, joint ventures and co-operation in developing and marketing financial services in Europe, as well as joint representation in the Far East. Each bank will give the other access to its branches in its own country.

The two banks have exchanged a 2.5 per cent share of each other's capital, and Santander has bought a further 2.5 per cent from the Kuwait Investment Office, giving it a total stake of 5 per cent in Royal Bank.

The sale reduces KIO's share in Royal Bank from 14.4 per cent to 11.9 per cent. Santander has had a close and sometimes controversial relationship with KIO and it may have been this that persuaded the Kuwaitis to help Santander make this most important foreign investment by a Spanish bank.

Royal Bank will acquire a 50 per cent stake in Santander's German and Belgian banking subsidiaries, CC-Bank and

Continued on Page 24

Death of Strauss likely to change political terrain

By Haig Simonian in Munich and David Marsh in Bonn

THE DEATH yesterday of Mr Franz Josef Strauss, the 73-year-old Bavarian Prime Minister who stood at the epicentre of West German politics, looks likely to change perceptibly the parliamentary landscape he helped to shape.

The demise of the staunch conservative who was the most exasperatingly human of post-war politicians, leaves the Bonn coalition Government without one of its key leaders and his home state of Bavaria bereft of a father-figure.

The Christian Social Union (CSU), the Bavarian conservative party which partners the Christian Democrats in the centre-right coalition, faces a period of damaging uncertainty after losing its chairman of 27 years standing.

In Munich, the normally clockwork efficiency of his Bavarian administration seemed to seize up temporarily as meetings were cancelled and hurried instructions issued to fly flags at half-mast.

Mr Helmut Kohl, the federal Chancellor, who often crossed swords with Mr Strauss, is cutting short his visit to Australia to return to Bonn later this week.

Mr Strauss was taken to hospital in Regensburg on Saturday when he collapsed during a hunting trip. After being kept alive mechanically for 44 hours, he died shortly before midday yesterday of heart and circulatory failure.

With the liberal Free Democrat Party (FDP) due to choose a new chairman at the end of this week, the CSU leader's departure adds fresh uncertainty to the future complexion of the ruling coalition.

A successor as Bavarian premier has to be named by the state parliament within the next four weeks. All eyes are already on Mr Max Streibl, the Bavarian finance minister, and deputy prime minister.

It already seems a foregone conclusion in Munich that the posts of premier and CSU party chief will be split.

By far the favourite for the party leadership is Mr Theo Waigel, who at present heads the CSU group in the Bundestag (federal parliament). But, he may not have the field alone. Some of Munich's popular papers were already speculating on the names of others in the party hierarchy who rushed to Mr Strauss's bedside at the weekend. Mr Gerold Tandler, currently the state's economics minister, has also been tipped. Rotund, bucolic, a keen hunter and fiercely independent, Mr Strauss personified Bavaria to friend and foe alike. Seldom have a region and its political leader been so closely associated.

Whichever politicians succeed him, they are unlikely to match him as a joker in the German political pack. The Bavarian leader's independent actions and random outbursts sometimes gave the impression that Mr Kohl or his Free Democratic coalition partners were as much his political enemy as the Social Democrats.

Though he seemed to be losing touch a little in recent months, Mr Strauss remained to the last a figure to be reckoned with. His trips to Moscow last December, and to South Africa – where his public comments brought comfort to Pretoria –

Continued on Page 24

MARKETS

Italy Banca Commerciale Italiana index

INTEREST RATES
US lunchtime
Federal Funds 8 1/2% (8)
3-mth Treasury Bills: yield: 7.48% (7.48)
Long Bond: 101 1/2 (101 1/2)
yield: 8.79% (8.98)
London 3-month interbank: close 11 13/16% (11 7/8)

STERLING
New York close
$1.7018 (1.6820)
London:
$1.6990 (1.6910)
DM3.1600 (3.1675)
FFr10.7625 (10.7725)
SFr2.6825 (2.6775)
Y227.0 (226.50)

DOLLAR
New York close
DM1.8618 (1.8828)
FFr6.3435 (latest)
SFr1.5815 (1.5940)
Y133.65 (134.42)
London:
DM1.8605 (1.8725)
FFr6.3350 (6.3700)
SFr1.5785 (1.5835)
Y133.65 (133.90)

GOLD
New York close
Comex (Dec)
$402.2

STOCK INDICES
New York close
Dow Jones Ind. Av.
2,105.26 (-7.65)
S&P Comp
270.80 (-1.11)
London:
FT-SE 100
1,802 (-23.9)
World:
126.41 (Fri)
Tokyo
Nikkei Ave
27,545.53 (-154.60)
Frankfurt
Commerzbank
1,559.2 (-11.9)

OIL
Brent 15-day (Argus)
$11.6 (-.275) (Oct)
West Tex Crude
$13.265 (-.135) (Nov)

CONTENTS

Law professor faces up to the challenge of W German defence

Rupert Scholz, the Berlin law professor appointed as West Germany's Minister of Defence last May, is having to contend with signs that popular support for Bonn's defence efforts seems to be flagging. Page 3

Moscow reveals scale of losses by Soviet companies

By Quentin Peel in Moscow

NEW FIGURES on the chronic problem of insolvency in the economy of the Soviet Union suggest that losses total almost Roubles 12bn (£11.4bn) a year, and affect more than one in 10 state enterprises in virtually every major sector.

Specific proposals to deal with the loss-making operations, including the options of liquidating them, merging them with more profitable operations, or selling them off to workers' co-operatives, are to be presented to the Soviet Council of Ministers by mid-October.

The figures produced by Goskomstat, the state statistics committee, show that almost Roubles 4.25bn were lost by industrial enterprises – by far the heaviest drain on the state budget.

It said that 3,960 of such enterprises were insolvent – or 13 per cent of the total in the country.

The situation was proportionally worse for state farms, with 16 per cent insolvent, their losses totalling almost Roubles 1.85bn. As for the agro-industrial sector, including food processing, losses totalled Roubles 1.12bn, and affected 14 per cent of all enterprises.

The worst performance in the Soviet economy, according to the official statistics, was in the service sector – the area where Mr Mikhail Gorbachev, the Soviet leader, has been most actively promoting new co-operative ventures. There, 23 per cent of all state enterprises were insolvent in 1987, although their losses only totalled Roubles 137m.

Almost as badly affected were supply and marketing organisations, whose inefficiency is blamed for much of the dislocation in the Soviet economy.

More than one in five (21 per cent) were classified as insolvent with losses amounting to Roubless 399m.

Not a single sector is unaffected by the tally of disaster, with another big loss (more than Roubles 1bn) coming from the chemical and forestry sector, with a 21 per cent insolvency figure.

The statistics do not define exactly what is meant by insolvency, although it is clear that the losses cited have to be made good by government ministries, and therefore fall as a burden on the central government budget.

The most efficient sectors appear to be machine-building, where only 5 per cent were said to be insolvent, and the fishing industry, with only 1 per cent loss-making.

In a commentary on the statistics published yesterday, the government newspaper Izvestia cites four reasons for the losses:

● Low quality and lack of co-ordination with consumer demand.

● Poor technology of production, including antequated machinery and excessive use of manual labour.

● General imbalance in the economy - an apparent reference to the failure of central planning to balance supply and demand both for raw materials and finished products.

● Elementary bad management.

France and Italy hit by EC cut in price for sunflower seed

By Tim Dickson in Brussels

CLEAR evidence of the impact on farmers of the agricultural reforms agreed at the European Community summit in February was provided yesterday with the announcement that the guaranteed price of sunflower seed has been cut by 19.8 per cent.

The reduction applies to all member states except Spain and Portugal, and will particularly affect France and Italy where the bulk of production outside the two Iberian countries is concentrated.

The move, which was taken by the relevant management committee comprising representatives from national capitals and the European Commission, is a direct result of the oilseed "stabiliser" painstakingly agreed earlier this year.

Under this arrangement production targets for each of the major arable crops were established at the beginning of the season and price penalties automatically built into the system if the harvest exceeded the chosen figure.

In the event, sunflower production in the 10 member states excluding Spain and Portugal is estimated at 2.8m tonnes, against the 2m provided for in the "stabiliser". The rules specify a 0.45 per cent price cut for each 1 per cent of "excessive" output which meant that the "indicative" price of Ecu58.35 (£38) per 100kg for the sector has been cut by Ecu11.55.

Production in Spain and Portugal, at 1.25m tonnes and 47,000 tonnes respectively, fell within their guaranteed maximum quantity so that the price there remains unchanged.

So far this year the EC has implemented automatic price cuts for peas and beans and rapeseed but most eyes in Brussels are fixed on the likely cereals harvest for 1988/89.

The Commission, meanwhile, has to take two important farm policy decisions at its weekly meeting in Brussels tomorrow. The finishing touches were still being put yesterday to plans to curtail the costs of the beef regime while Mr Frans Andriessen, the farm commissioner, was getting ready to unveil his proposal for the fixing of next year's New Zealand butter quota.

NZ in fighting mood, Page 38.

Polish plea on company controls

By Christopher Bobinski in Warsaw

POLAND'S Communist party has been urged to relinquish control over company management appointments by delegates from some 90 democratically elected workers' self-management councils meeting in Poznan.

The demand has been fiercely resisted in the past though economists argue that it is essential if decentralising reforms are to succeed.

The meeting also called for the implementation of democratic procedures for national elections, equal treatment by the Government of state and private sectors, and plurality of trade unions which is being blocked by the authorities who are loath to legalise the Solidarity movement.

Delegates adopted a moderate stance on the Solidarity issue, voting overwhelmingly against explicitly demanding its return.

The meeting directed its demands to both Mr Lech Walesa, the Solidarity leader, and General Czeslaw Kiszczak, the Interior Minister, who is chairing forthcoming round table talks with the banned union on the country's future, and delegated three representatives to take part.

The councils were set up under laws passed in 1981

Also, attempts to co-ordinate policy at a national level by activists, many of whom have a Solidarity background, have been discouraged.

Low turnout overshadows French poll result

By Ian Davidson in Paris

THE LOW turnout by voters in France's cantonal elections has overshadowed the result which saw the Socialist party making a net gain of 89 seats. The post-war record rate of abstention in last Sunday's second round of balloting bodes ill for the forthcoming referendum on a government for the Pacific territory of New Caledonia.

The Socialist gains mean that Mr Michel Rocard's three-month-old government has avoided the kind of rebuff from the voters often associated with cantonal elections, and to that extent it is an encouraging verdict on his performance.

On the other hand, the 53 per cent abstention rate seems to indicate that the electorate is profoundly disenchanted with the voting process, and possibly with the political parties as well.

With what *Le Monde* describes as "formidable hypocrisy", Mr Alain Juppé, general secretary of the Gaullist RPR party, has urged the Government to draw the lesson of the cantonal elections and cancel the New Caledonia vote on November 6; and his recommendation has been echoed with rare unanimity by other leading opposition figures.

However, Mr Rocard said yesterday the Government would go ahead with the referendum, which will set up a provincial system of local government, and allow for the holding of a plebiscite on independence in 10 years' time.

In response to Sunday's low turnout, meanwhile, Mr Pierre Joxe, the Interior Minister, reiterated his intention of revising the arrangements for future cantonal elections, first by grouping them with other local elections, second by making the voting rules more representative.

He pointed out that the left had secured more than half the votes, but scarcely 40 per cent of the seats in the departmental *Conseils Généraux*. The right-wing parties have a built-in advantage in the cantonal elections, because the rural cantons are over-represented compared with the urban cantons.

The referendum on New Caledonia is posing an embarrassing dilemma for the right-wing parties, because they do not care to support Mr Rocard's settlement for the territory, nor do they want to line up with Mr Jean-Marie Le Pen and his extreme right-wing National Front by urging a No vote; however, they also do not wish to opt out entirely by calling for abstention.

Few observers expect the referendum to be defeated. But if Sunday's turnout were to be repeated, the credibility and the durability of the settlement could be in doubt, and remain vulnerable to protest from the extreme right wing.

Warning on Danish economy

By Hilary Barnes in Copenhagen

HIGH and rising unemployment, with little or no improvement in the deficit on the current balance of payments, faces Danish economic policy planners with a tough challenge, an official economy survey declared yesterday.

Mr Neils Helveg Petersen, Economy Minister, emphasised that it is up to the labour market partners to ensure that Danish wage costs rise less fast than costs abroad if the employment situation is to be improved.

The Government's measures for attacking the problems will be outlined by Mr Poul Schlueter, the Prime Minister, today at the opening of the new session of the Folketing (parliament), in what will be his first major policy statement since the general election last May.

Meanwhile, the economic survey foresees production increasing by about 0.75 per cent in 1989, following a growth rate of only 0.5 per cent this year.

Unemployment is expected to rise from 8.7 per cent this year to 9.2 per cent next year, but the current account deficit, now in its 25th year, will fall only from DKr 17.5bn (£1.4bn) to about DKr 16.5bn.

On the assumption that hourly wage costs do not rise by more than 4 per cent, the average rise in consumer prices next year will be about 3.7 per cent compared with 4.7 per cent this year.

Optimistic budget unveiled for Norway

By Karen Fossli in Oslo

NORWAY'S minority Labour government, which faces elections next year, has unveiled an optimistic budget for 1989.

The budget relies almost completely on earnings from the petroleum sector to allow for a real increase in spending of 3.5 per cent.

The budget projects a surplus for 1989 of NKr 4.9bn (£419m), up from Nkr 2.4bn this year, on total expenditure of NKr 283.8bn.

It also forecasts a continued reduction in the current account deficit, to NKr 11.1 bn next year (less than 2 per cent of gross national product), from an estimated Nkr 17.5 bn this year.

The budget is based on an oil price of Nkr 100 a barrel and an exchange rate of NKr 7 per dollar, to give an oil price of $14.30 a barrel.

On this basis, the export value of Norway's oil and gas should rise to NKr 57.6bn in 1989 from NKr 56.8bn in 1987 and NKr 51.6bn in 1988.

The underlying assumptions are strikingly optimistic, given the recent fall in the international price of crude oil.

The Norwegian economy was sent reeling in 1986 when oil prices plunged to below $9 a barrel.

This forced the Government to implement a tight fiscal policy in 1987 and 1988. Next year's budget, by contrast, provides for no increase in direct taxation.

The Oslo finance ministry said Norway's gross national product would grow by 1.75 per cent in 1989 – one percentage point higher than this year.

This was mainly because of a projected 14 per cent increase in oil and gas production in 1989 compared with an 8 per cent increase this year.

Gross domestic product for mainland Norway (excluding oil) would shrink 0.2 per cent, both in 1988 and 1989, the ministry added.

Domestic demand has been curbed by about 4.5 per cent in 1986-1988 and is forecast to fall in 1989 by a further 1 per cent.

Inflation peaked at more than 10 per cent in spring 1987 but was reduced to 6.6 per cent by August of this year.

By the end of the year, the Government forecasts that inflation will drop to between 5 and 6 per cent while the average rate of inflation from 1988 to 1989 is estimated to decline to 4 per cent.

● The 1989 budget also foresees a slowdown in the rate of increase in defence spending.

Total military expenditure is set to grow by 2 per cent in real terms, reaching Nkr 20.4bn, compared with a 3.5 per cent real increase in 1988 over 1987.

Operational costs incurred by the armed forces are projected to fall by 1 per cent next year, after rising 2 per cent this year.

Three countries still to nominate commissioners

By David Buchan in Brussels

ITALY, France and Ireland are now the only European Community member states yet to nominate representatives to the new European Commission taking office next January, following Luxembourg's decision to name one of its most experienced EC diplomats to the Brussels executive.

He is the 58-year-old Mr Jean Dondelinger, who served nearly quarter of a century in Luxembourg's delegation to the EC, first as deputy ambassador (1961-70) and then as ambassador (1970-84), earning himself the label of the most permanent of Permanent Representatives. He replaces Mr Nicolas Mosar.

The five largest EC countries have the right to nominate two commissioners, and the seven smaller states one each. Domestic political considerations have delayed nomination decisions on the two Italian commissioners, on the second French commissioner (Mr Jacques Delors remains as Commission president and the senior French nomination in Brussels), and on Ireland's one commissioner.

Many of the 12 nominated or re-nominated commissioners – including such newcomers as Mr Leon Brittan and Mr Bruce Millan from the UK – have been holding informal discussions with Mr Delors, trying to obtain the best portfolios for themselves (and indirectly for their country).

Mr Delors, however, has refused to make any allocation of jobs before he knows who all his 16 colleagues will be. The game of musical chairs is complicated by the widely acknowledged fact that there are not really 17 decent jobs to go around.

Thatcher comes under renewed fire by Brussels

By David Buchan in Brussels

THE PUBLIC lead given by Mr Jacques Delors, the European Commission president, in deriding Mrs Margaret Thatcher's recent warnings about rapid moves towards European union was yesterday followed by two others in the 17-man Brussels executive.

Lord Cockfield, the Briton responsible for the EC internal market, and Mr Peter Sutherland, the Irishman in charge of EC competition policy, both used public speeches yesterday to counter certain of the UK Prime Minister's contentions about current initiatives to abolish internal frontiers and to bolster economic convergence with monetary union.

Speaking to the Swiss Institute for International Studies in Zurich, Lord Cockfield referred to "misconceived" worries about the loss of national sovereignty. The Community involved member states "pooling", rather than losing, national sovereignty.

The right reaction by member states was, he claimed, "not blind opposition, but a determination to be where the action is, to play a full and constructive part in the development of policies to the common good".

Referring to the mandate of the Delors Committee set up to report next spring on next steps towards monetary union, Lord Cockfield noted that provocative terms like "European central bank" and "single currency" have been avoided in view of the sensitivities of certain member states. "But no one need have any doubt about what is intended, or where we are going, or our determination not just to travel hopefully but to arrive."

Addressing a Berlin audience, Mr Sutherland took particular issue with Mrs Thatcher's contention that frontier checks would be needed after 1992 to control terrorism.

As a former Irish Attorney General, he noted "the most dangerous frontier within the Community in terms of terrorist activity is the border between the north and south of Ireland." Yet, there were no passport checks on that border, and Mr Sutherland said he had never heard any British or Irish adviser suggest that introducing such checks would "reduce terrorism in the slightest".

Meanwhile, UK Conservative members of the European Parliament were yesterday meeting in London to try to reach an accommodation on the split that Mrs Thatcher's recent speeches have opened up within their ranks.

West Germany keeps up pressure on UK for cut in low flying

DIVERGING VIEWS between Britain and West Germany about low flying by the Royal Air Force could surface in Bonn today when Mr Rupert Scholz, the West German Defence Minister, meets Mr George Younger, his British opposite number, as part of regular defence policy exchanges, writes David Marsh.

Mr Scholz made clear in an interview his desire for a further cut in low flying by Nato air forces in West Germany. Such training flights are encountering growing opposition from politicians and public following a spate of accidents, culminating in the Ramstein air show disaster in August. "The burden we bear from low flying aircraft training is unmatched by any other country in the world. We have to bring about reductions here," he said.

Although Mr Younger is likely to show willingness to study the problem, Britain is understood to be underlining its view that such training has already been cut to a minimum. The RAF, which maintains bases in northern Germany, is adamant that further reductions would damage defence preparedness.

Mr Scholz will also spell out his Government's continuing commitment to the four-nation European Fighter Aircraft (EFA), to be built by Britain, West Germany, Italy and Spain, in spite of increasing criticism in Bonn about the programme's cost. "The EFA has been agreed. The Federal Republic will stick to the contract," said Mr Scholz. Spain has yet to sign its participation in the project's development phase, but the Bonn Defence Ministry expects it to do so within the next few weeks.

On another key issue, the minister suggested easing restrictions on technology transfers to the Soviet bloc in exchange for firm disarmament commitments by Moscow.

"If the Soviets are really ready for disarmament, then we can be much more flexible in questions of technology transfer. The rules in CoCom (Co-ordinating Committee on Multilateral Export Controls) are aimed at protecting us from military misuse (of technology). If disarmament rather than rearmament takes place, then we can co-operate much more and give access to technology." He stressed the need for Moscow to come up with definite conventional disarmament measures to build up trust in the West.

Cool lawyer faces the challenge of Bonn's defence

David Marsh meets the new Defence Minister whose role also encompasses a degree of foreign policy

CHALLENGES, Mr Rupert Scholz insists, do not frighten him. The West German Defence Minister, a cooly rational Berlin law professor brought into the job in May by Chancellor Helmut Kohl, says with some justification that all western defence ministers have challenging tasks.

But the special problems facing Mr Scholz undoubtedly make his job one of the hottest. In an interview in his office at the Hardthöhe, the sprawling ministry complex outside Bonn, Mr Scholz spoke plainly about the political and psychological reasons behind an apparent flagging in the country's defence consensus.

Moving into areas of strategy which in recent years have been the preserve of Mr Hans-Dietrich Genscher, the Foreign Minister, Mr Scholz also promised Mr Mikhail Gorbachev greater co-operation with the West provided the Soviet Union shows readiness to disarm. Mr Scholz is due to accompany Mr Kohl on his trip to visit the Soviet leader in Moscow at the end of this month.

The Defence Minister's most pressing recent concern, however, has been the air show disaster at the US base of Ramstein at the end of August in which more than 60 people died.

Mr Scholz has run into heavy criticism from politicians and public opinion over whether the Federal Republic could or should take greater steps to limit potentially dangerous flying exercises by the western Allies over its soil.

A vociferous body of opinion on both right and left points out that, as a result of the legacy of post-1945 occupation and the Cold War, West Germany does not have full sovereign powers over its own territory.

Mr Scholz is a donnish man who lifted his voice above senior common room levels only once during the interview, when asked about the consequences of Ramstein. "When I was criticised for being responsible for this accident, as if I had wanted it, then this is as absurd as it is unfair," he answered.

Sholz: emotional interest in East-West issues

Mr Scholz, 51, joined the Christian Democratic Union only in 1983. Before his surprise appointment in May he was Senator in Berlin for Justice and Federal Affairs. He is still clearly more at home on the lecture podium than inspecting tanks.

Mr Scholz's predecessor, Mr Manfred Wörner, who left to become Nato's secretary general, is a military enthusiast who, during his 5½ years on the Hardthöhe, was never happier than in a flak jacket. The analytical, bespectacled Scholz, who as a Berliner was exempt from conscription, never served in the army.

He says this is unimportant. "A defence minister has political responsibility for the armed forces and overall defence and security policy. For these tasks, one does not need to have been a soldier."

Mr Scholz's Berlin background, his emotional interest in East-West issues (he has relatives living in East Germany) and his constitutional lawyers' mind, combine to give him an particular insight into West Germany's security problems.

Signs abound of flagging popular support for the country's defence efforts – a sharp increase in the numbers of conscientious objectors, complaints about low-flying aircraft, political opposition to big-spending projects such as the European Fighter Aircraft.

"Today, one cannot really say that the consensus has grown 'tired'. But it is part of my job to give warnings when necessary," says Mr Scholz.

He says that the post-war West German defence consensus was very much built on the percieved threat from the East. "It reflects the fact that, over many years, the Federal Republic, through the division of Germany, had a provisional character."

The arrival of Mr Gorbachev - "a very adroit man," says Mr Scholz - has led to widespread perception that West Germany could cut back on defence. "I see that differently. As long as we have no real disarmament in the conventional area, where Germany has a special burden to bear, that is not possible."

West Germany shows a willingness to follow Mr Gorbachev's peace overtures which some other western governments claim borders on credulousness. Mr Scholz, witness of the end of the war as a boy in Berlin, sees this partly in terms of the Germans' "sensitive psyche." "The Second World War is not forgotten. It has not been purged from people's awareness. Subconsciously, that is living on still. The catastrophe of 1945, the terrible war and terrible time of National Socialism, are all still present in the awareness of the people," he says.

Asked about Mr Gorbachev's reforms, Mr Scholz says: "If Gorbachev wants to be successful, then he has to give his people better living conditions. That is only possible if he restructures the economy and frees it from these immense armaments expenditure which make up 17 per cent of gross national product. He has an underdeveloped, uncompetitive industry - and the technological gap between East and West is widening all the time."

He says that Mr Gorbachev has failed up to now to give any detailed signs of steps towards conventional disarmament in Europe. One gesture, he suggests, would be through lowering the Soviet troop presence in East Germany where, he points out, there are more Soviet soliders than in the whole of the US army in Europe.

But Mr Scholz's basic message is that, provided Mr Gorbachev moves to build confidence in the military area, Moscow will find Bonn a willing and helpful partner in the economic sphere. The dialogue will undoubtedly be taken a step further when Mr Kohl goes to Moscow in three weeks' time.

US and Greece resume talks on bases' future

By Andriana Ierodiaconou in Athens

NEGOTIATIONS on the future of US bases in Greece resumed here yesterday and will continue until Friday. They were suspended by Washington last month after Athens announced that one of the four facilities must close.

A Greek government spokesman said yesterday that the Hellenikon airbase, on Athens' eastern outskirts, would close, and none of its activities would be allowed to transfer to the other three installations.

The closing of Hellenikon was a necessary but insufficient condition for the signing of a new bases agreement, which the Socialist Government has said must serve Greek national interests. The current five-year accord expires in December.

The Americans are understood to have been willing to consider dismantling Hellenikon, whose location (next to Athens airport in the seaside suburb of Glyfada) poses a security risk and has attracted protests and labour unrest. However, they were angered by the Greek announcement on the matter and the refusal to allow the transfer of activities.

Polls fight by Estonian nationalists

THE ESTONIAN Popular Front, emerging triumphant from its founding congress, promised yesterday to fight parliamentary elections across the Soviet Baltic republic and resist the adoption of tough new public order laws, Reuter reports from Tallinn.

"We want to change the mechanism of power in Estonia," said Ms Marju Lauristin, elected to the Front's seven-member ruling board by the 3,000 delegates who gathered in Tallinn at the weekend to give a formal basis to the six-month-old movement.

"Elections here have so far compromised themselves, not just because of the one-party system but because the results have been falsified," she told a news conference.

"We want to put up candidates in every town and settlement in November who really deserve the name of deputy. We also will set up a commission to monitor the elections."

The Popular Front, until now a loose grass-roots organisation, has emerged as a powerful force in recent months, taking literally Mr Mikhail Gorbachev's call for greater democratisation of Soviet society.

Although the Front has spawned similar movements in other Soviet republics, notably in neighbouring Latvia and Lithuania, it appears to have gone further and to have partially seized the initiative from the local Communist party.

However, it has been careful not to mount a direct challenge to the authority of the Communists.

"Just because our candidates may fight Communists on an individual basis in the elections does not mean we are opposed to the party," Mr said Edgar Savisaar, another board member.

The Communist party leader, Mr Vaino Vaelas, a reformer who was appointed in June, agreed. "We do not oppose each other," he said after the congress, whose proceedings were broadcast live across Estonia. "This is what we call socialist pluralism."

Ms Lauristin said the movement's immediate aims included changes in the Estonian constitution to give a legal basis to the Popular Front and allow it to contest elections.

FINANCIAL TIMES

Published by the Financial Times (Europe) Ltd., Frankfurt Branch, represented by E.Hugo, Frankfurt/Main, and, as members of the Board of Directors, F. Barlow, R.A.F. McClean, G.T.S. Damer, M.C. Gorman, D.E.P. Palmer, London. Printer: Frankfurter Societaets-Druckerei-GmbH, Frankfurt/Main. Responsible editor: G.D. Owen, Financial Times, Bracken House, Cannon Street, London EC4P 4BY. © The Financial Times Ltd, 1988.

FINANCIAL TIMES, USPS No 190640, published daily except Sundays and holidays. US subscription rates $365.00 per annum. Second-class postage and at New York NY and at additional mailing offices. POSTMASTER: send address change to: FINANCIAL TIMES, 14 East 60th Street, New York, NY 10022.

Financial Times (Scandinavia) Ltd, Ostergade 44, Copenhagen, DENMARK

AMERICAN NEWS

Candidates' TV debate in doubt

By Lionel Barber

THE SECOND and final presidential debate between Vice President George Bush and Governor Michael Dukakis was cast into doubt yesterday when the League of American voters unexpectedly withdrew its sponsorship of the event.

Democrats said that they were optimistic that a substitute sponsor for the debate, set for Los Angeles on October 13 or 14, could be found.

However, the Republican campaign, which has never been confident about Mr Bush's debating skills may choose to reopen negotiations on the second encounter with Mr Dukakis

The League gave no immediate explanation for its withdrawal, but its senior officials had earlier complained that the two political parties were trying to sidestep the League to manipulate the debates for political advantage.

The first presidential debate on September 25 – marked as a draw – was sponsored by the Democratic and Republican national committees under an umbrella group called the Commission on Presidential Debates.

Mr Paul Kirk, chairman of the Democratic national committee, said that he hoped the Commission could step into the vacuum.

Sky high plans for mile-high Denver

Deborah Hargreaves examines a marketing drive to entice a mountain of business

Faced with a declining job base and stagnant mountain economy, Denver's city fathers have launched a grandiose plan to put the mile-high city back on its feet again.

As part of an aggressive marketing drive for the city, Mr Federico Pena, Denver's mayor, and city business representatives arrived in Chicago recently to invite local executives to be entertained by their opposite numbers in Denver.

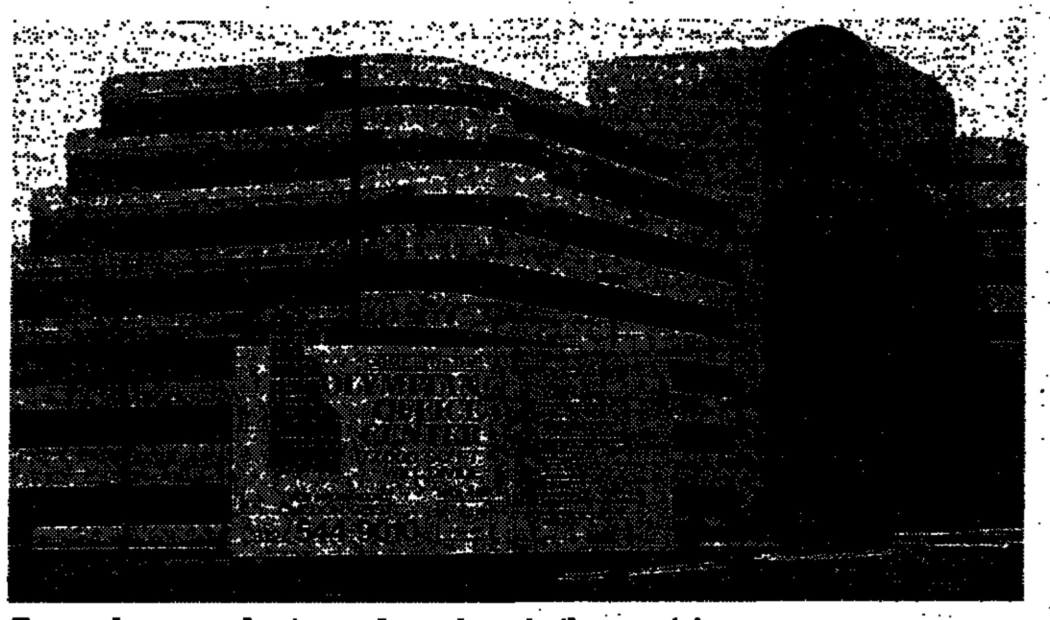
The "buddy" initiative is part of a scheme to entice Chicago businessmen to fill some of Denver's plentiful empty office space.

Mr Pena is quick to stress that he is not trying to poach business from the windy city, but to encourage Chicago corporations to expand to Denver.

Back in the 1970s, Denver was a Rocky Mountain idyll that lured many world-weary Eastern businessmen. But its economy, with its focus on the oil and gas industry and local farming, has faltered leaving a vacancy rate for its overbuilt office blocks higher than that of even Dallas and Houston.

Denver has lost 29,000 jobs in the past two years and for the first time in two decades, more people are moving out than moving in.

"We really didn't have to do much marketing before and now we realise we've been left behind," says Mr Pena, who is selling the positive aspects of the Rocky Mountain city such as its 20 private golf courses and 300 days of sunshine.



Too much space and not enough people up in the mountains

The city is trying to attract the communications industry – currently its biggest corporation is US West, a telephone company – insurance and financial institutions firms as well as professional trade associations.

At the same time, Denver has embarked upon an ambitious development programme with plans for a huge international airport – the first in the US to be built from scratch since Dallas-Fort Worth in 1974 – and a major downtown convention centre.

The city has recently annexed 45 square miles of suburban land to build the controversial new airport at an estimated cost for the first stage of $1.6bn. The proposed start-up date is in 1993.

"The airport will be a tremendous magnet especially for international companies," enthuses Mr Pena, who sees it pushing Denver into second place in the nation's busiest airport stakes.

The new development will replace Denver's Stapleton – currently fifth busiest in the US – which will be closed.

However, the funding for the project – part of which is to be raised by selling airport revenue bonds – is widely viewed as shaky and opponents believe it would be much more cost-effective to expand Stapleton.

The $300m convention centre to be built next to Denver's major downtown retail development should help the city attract its share of business meetings, the city fathers reason.

Mr Pena has already enticed the Christian Bookseller's Association to bring 20,000 attendees to one of the centre's first conventions in 1990.

But in the highly competitive convention centre market, Denver will have to fight hard for its share.

The city is spending close to $3bn to develop its infrastructure and an additional $600,000 on its "buddies" venture. It further plans to lure business with a hefty round of tax incentives and training grants.

"We're saying this is the time to get in on the ground floor," says Mr Pena, optimistically, "because in five to seven years when the economy rebounds, it will be more expensive."

Jubilant crowds welcome Shuttle return to Earth

By Roderick Oram in New York

THE SPACE shuttle Discovery glided steeply out of the bright blue California sky yesterday morning local time, touching down precisely on schedule in the Mojave Desert to end the first manned US space mission since the 1986 Challenger tragedy.

Discovery rolled to a stop at Edwards Air Force base just as the military band, playing the national anthem, hit the phrase "the rockets' red glare." The crowd, estimated at more than 200,000, roared with delight and relief at the safe return of the space craft.

"Roger Discovery, welcome back," spacecraft communicator John Creighton told the crew from Mission Control. "A great ending to the new beginning."

The near-perfect flight was an enormous relief to the nation and the National Aeronautics and Space Administration (Nasa) which has wrestled to correct its fundamental equipment and organisational shortcomings that caused the shuttle Challenger to explode, killing its seven crew, shortly after takeoff.

US Vice President George Bush, the Republican candidate in the presidential election, made the most of the opportunity to associate himself with the shuttle's sucess. He was on hand to greet the crew.

Space policy analysts warn, however, that one flight alone does not make a successful resumption of the US space programme. Nasa must prove its ability to make regular and safe shuttle flights with the next planned for November. It must also better define its goals so it can overcome strong Congressional resistance to, for example, the funding of a space station.

Since its launch from Cape Canaveral last Thursday morning, Discovery had covered 1.7m miles in its four-day journey. Reflecting the painstaking attention to detail in its $2.4bn refit since Challenger exploded, the shuttle performed almost flawlessly. It suffered a few minor problems, some fixed in flight, but all fully covered by backup systems. For the five-man crew, all space veterans, the mission had been largely a test flight to check out the shuttle's long list of modifications.

Canadian Tories receive fresh Gallup poll boost

By David Owen in Toronto

CANADA'S Progressive Conservative party received a fresh fillip yesterday when a Gallup poll taken after Saturday's election call gave the party the support of 43 per cent of decided voters.

This represents an improvement of 6 per cent since the last such poll and would be sufficient to win the party a comfortable majority in the general election on November 21.

The Tory gains were almost entirely at the expense of the left-of-centre New Democratic Party (NDP), whose support fell from 27 to 22 per cent. Support for the second-placed Liberals remained steady.

Significantly, the poll also indicated that Mr Brian Mulroney, the Prime Minister, has narrowly overhauled the NDP's Mr Ed Broadbent as the most popular of the three mainstream party leaders.

Mr Mulroney received the vote of 34 per cent of respondents, against 33 per cent for Mr Broadbent. Mr John Turner, the beleaguered Liberal party leader, continued to lag at just 12 per cent.

No fewer than 59 per cent of those sampled pinpointed the still unratified US-Canada free trade agreement as the main issue of the election campaign.

Fresh delay on fuel economy rules in US

By Anatole Kaletsky in New York

THE Reagan Administration yesterday announced a further postponement of the federal fuel economy standards which were first mandated by the US Congress after the energy crisis of 1973-74. The Transportation Department did, however, decide that fuel consumption would have to be marginally lower in 1989 than in 1986 models.

The moves, which were widely expected, will allow US car manufacturers and importers to go on selling less fuel-efficient cars than was intended under the Corporate Average Fuel Economy (CAFE) legislation imposed in 1975.

The legislation mandated a steady reduction in the average fuel consumption of each manufacturer's or importer's car fleet from the 15 miles per gallon which prevailed in 1975 to 27.5 mpg in the 1986 model year. Since mid-1985, however, the Transportation Department has rolled back the 27.5 mpg target to 26 mpg, responding to lobbying by GM and Ford, both of which would have faced heavy fines under the stricter standard.

For the 1989 model year, which begins this month, the Tranportation Department has decided to raise the CAFE standard to 26.5 mpg, still well below the target set in 1975, but tighter than the current standard. Under CAFE, companies which fail to meet these targets pay substantial penalties, which are roughly proportional to their degree of under-performance. The raising of the standard from 26 to 26.5 mpg in the 1989 model year will therefore lead to higher penalties being paid by some European luxury importers which have consistently failed to meet the CAFE standards.

Reinsurers face $750m bill for Gilbert claims

REINSURERS will pay about $750m to settle claims in Jamaica for damage caused by hurricane Gilbert three weeks ago, Canute James reports from Kingston.

Mr Dennis Lalor, managing director of ICWI, one of the island's leading insurers, said the reinsurers would make the payments over the next 12 months. "Local insurance companies will be required to meet only J$20m (US$3.6m) of the payout from Gilbert," he said.

Mr Lalor said local insurers would have to end resistance to suggestions from reinsurers that local premiums be increased. He said premium income for general insurance in Jamaica was US$30.6m and that it would take about a decade to cover the payout by reinsurers.

Monthly inflation-rate soars in Peru

PERU'S inflation rate in September soared to a record of 114.1 per cent, Veronica Baruffati reports from Lima.

According to the National Statistics Institute accumulated inflation reached 634.4 per cent for the first nine months of 1988 and 816 per cent for the last 12 months. The average monthly inflation rate this year is 24.8 per cent.

Nicaragua likely to unveil price rises

A NEW wave of price rises is expected in Nicaragua this week after a 44 per cent devaluation of the currency, the cordoba, at the weekend, Tim Coone reports from Managua.

The adjustment takes the official exchange rate from 180 cordobas to the US dollar to 320 and will be reflected in the prices of most products including petrol and diesel.

US indicators point to slackening in growth

By Anthony Harris in Washington

THE pace of US economic expansion is slowing down, three economic indicators released yesterday suggest.

A levelling-off of new orders for non-durable goods, a small fall in construction activity, and the third successive monthly fall in the Purchasing Managers' Index, the most closely watched survey of industrial trends, all seem to show some flattening of the rate of growth.

However, the new orders report showed that strong expansion persists in durable goods – led by motor vehicles, aircraft, machine tools and other production equipment – reflecting the continuing investment boom. The Purchasing Managers' survey also reported continuing growth in export orders, though at a slower pace than earlier.

There was little response in financial markets where fears of overheating persist.

The recovery in new orders from the sharp fall reported in July was entirely in durable goods, and the figures for the first eight months of 1988 show a similar, though less lop-sided pattern.

Bell Atlantic introduces the international vocabulary of information management.

The world is starting to speak a common language. The language of information. Bell Atlantic speaks that language very well.

Not only is the telecommunications network we operate in the United States one of the most technologically advanced, it's also the most cost-efficient.

But, network management is only the beginning. We're also fluent in cellular communications, computer service and financing and leasing. In each of these strategically significant lines of business, the performance of Bell Atlantic companies speaks for itself.

In the high-growth cellular communications industry, Bell Atlantic Mobile Systems is recognised as a leader in technological innovation. Its revenue and customer growth is well above industry averages.

Bell Atlantic's Sorbus is the leading independent computer maintenance company in the world.

And Bell Atlantic Capital Corp. ranks in the top ten in the U.S. in high-technology equipment leasing and is a major player in the capital project and corporate financing markets.

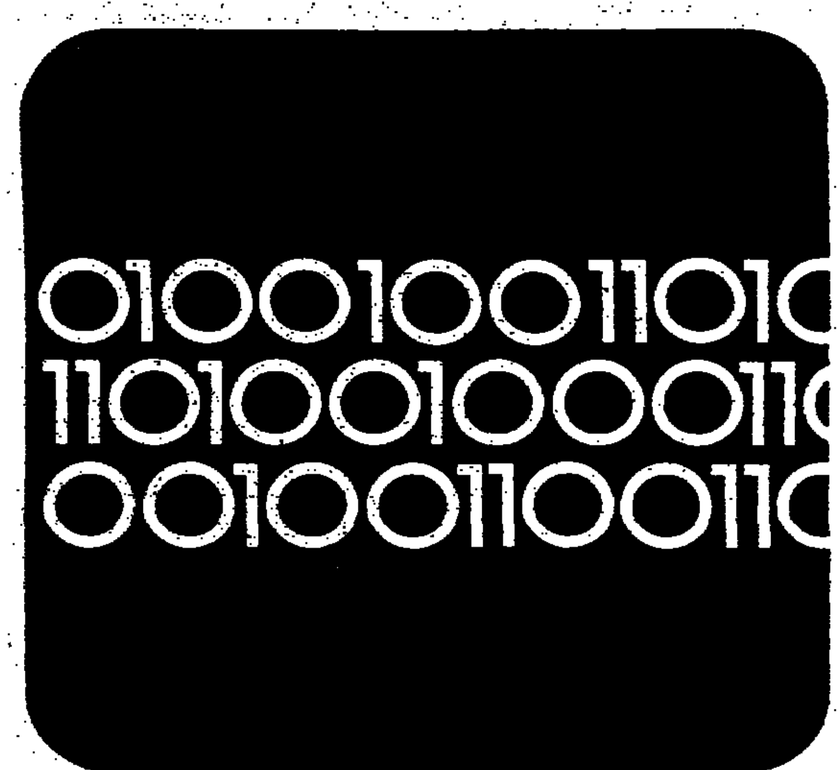
All of which speaks very well for the expertise we're bringing to Europe. And the resources we've committed to advancing communications worldwide.

Building on our network skills, Bell Atlantic International is providing PTTs with network software products and related systems integration and consulting services.

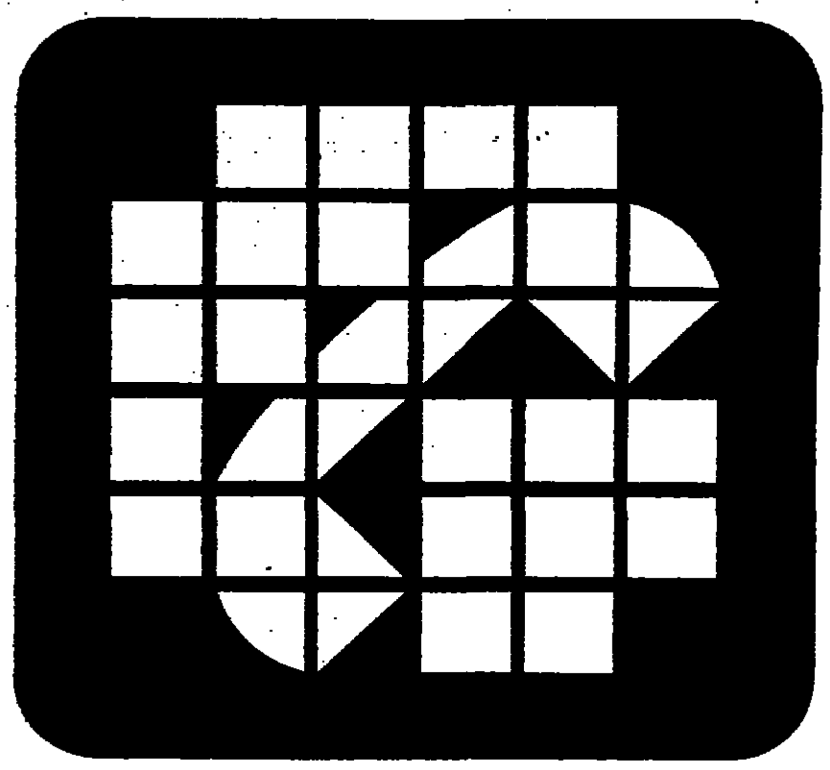
Through Bell Atlantic's Sorbus and Eurotech companies, we're maintaining computer and data communications equipment, distributing high quality communications products and developing value-added services at nearly 20,000 customer sites in Europe.

And Bell Atlantic Financial is offering tailored financing and related services on high-technology equipment.

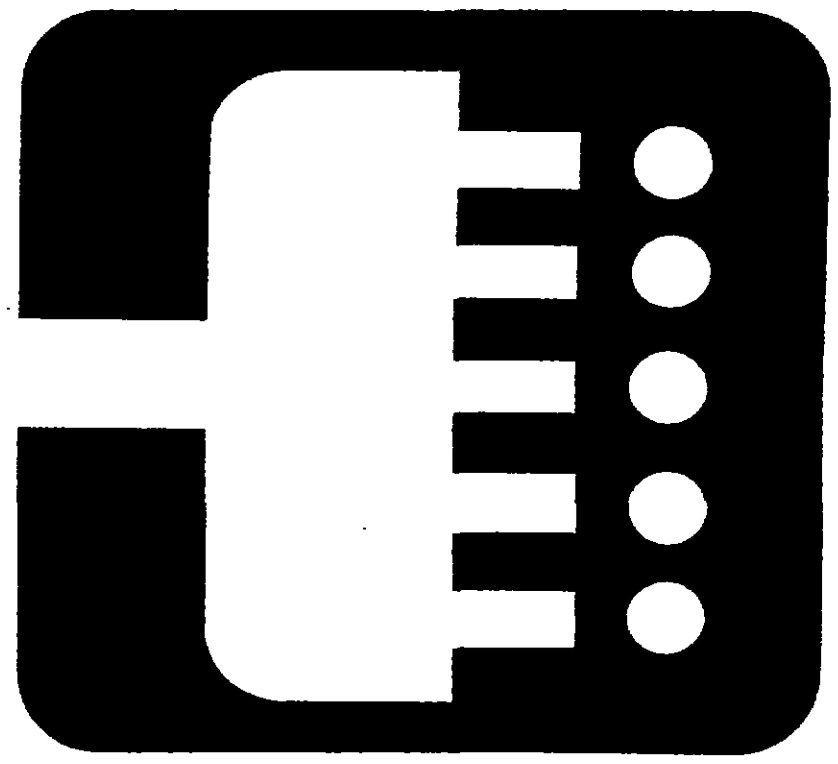
Add to that, strategic industry alliances with key international information management and technology companies. The result is a company that speaks the language of the future. With a strong clear voice.



DATA COMMUNICATIONS

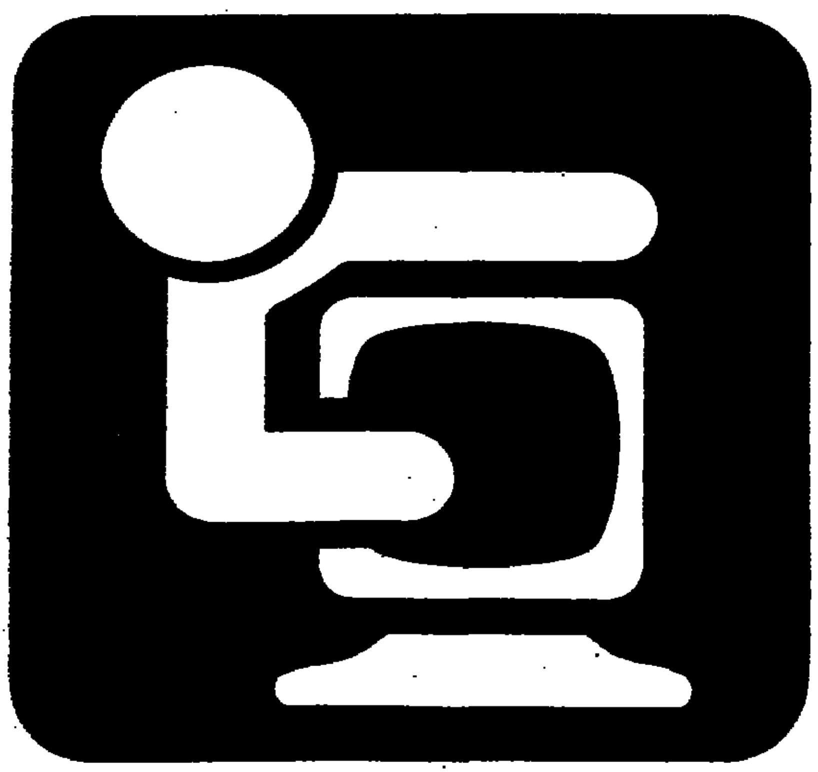


TELECOMMUNICATIONS SERVICES

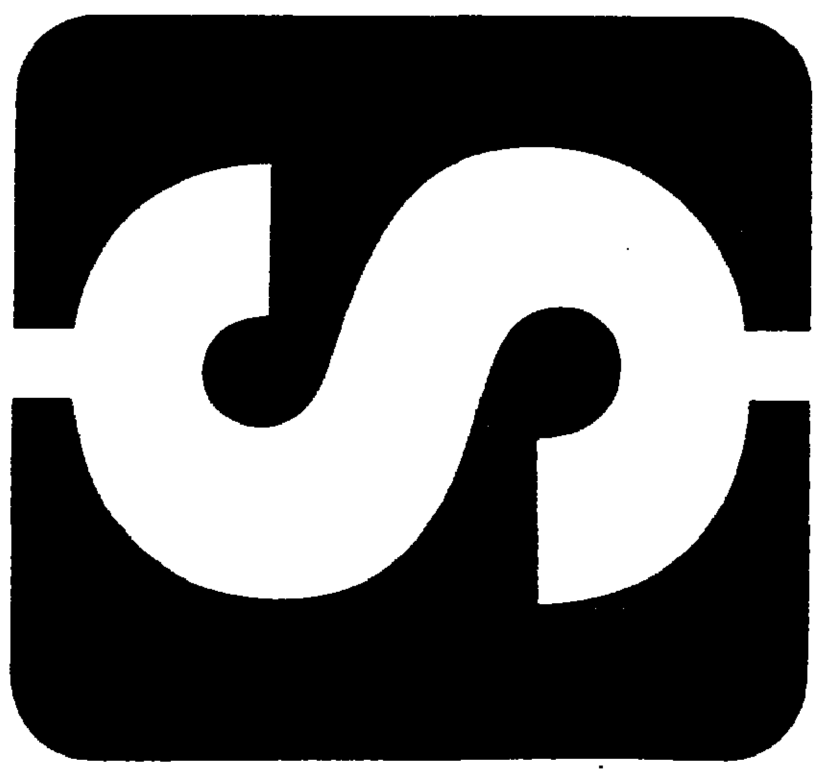


SYSTEMS INTEGRATION

CELLULAR COMMUNICATIONS



COMPUTER MAINTENANCE

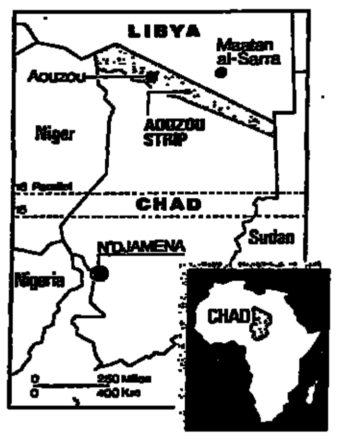


FINANCING & LEASING

Bell Atlantic
We're More Than Just Talk.

Libya and Chad to restore links after war

By Victor Mallet



LIBYA AND Chad announced yesterday that they had restored diplomatic relations, just over a year after signing a ceasefire which brought a long desert war between them to an end in September 1987.

A territorial dispute over the area known as the Aouzou strip along their common border remains unresolved, but both governments pledged in a joint communique to settle the issue peacefully. Chad and Libya are to exchange full diplomatic missions by the end of this month, according to the statement.

France, which together with the US provided Chadian President Hissene Habre with military support in the war against Libya, said it was delighted with the decision to renew formal diplomatic ties. There are still some 1,200 French troops in Chad.

Since independence from France in 1960, Chad has been plagued by fighting between rival armies. President Habre ousted his Libyan-backed predecessor, Mr Goukouni Oueddei, from the capital Ndjamena in 1982 and finally succeeded in driving the Libyans out of the north last year.

Libya, however, subsequently regained most of the disputed Aouzou strip and now occupies the town of Aouzou and a nearby military base. Although the mountainous strip – covering an area of some 45,000 square miles – is rumoured to be rich in uranium, no proof exists of any mineral wealth. Libya first annexed Aouzou in 1973.

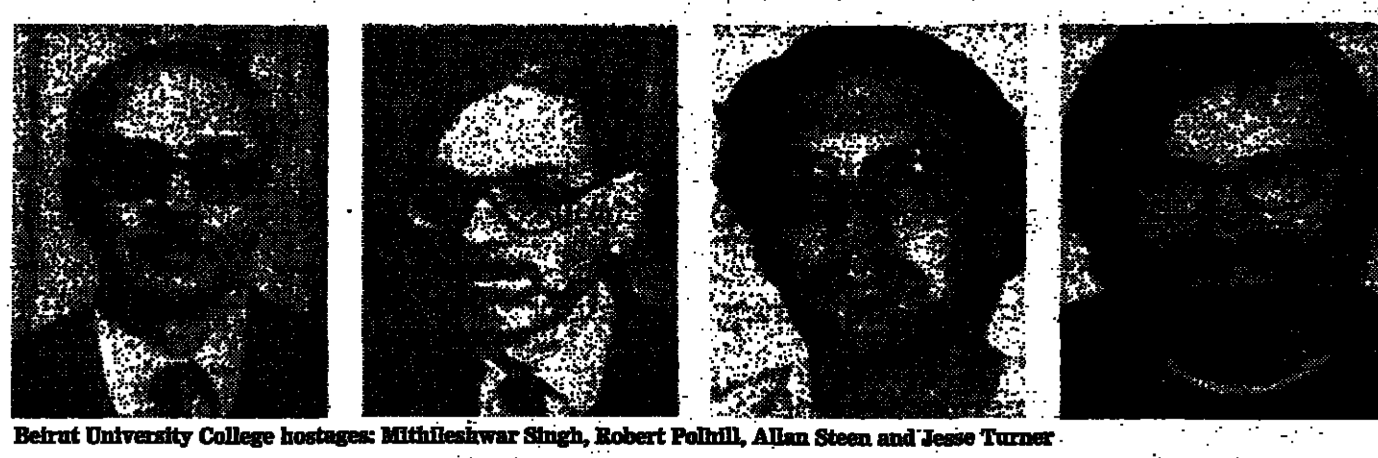
The agreement between Libya and Chad, as well as giving Chad the opportunity to rebuild its flimsy economy and its cotton exports, may help to bring a measure of peace to western Sudan. Chadian rebels, backed by Libya, have used Sudan's Darfur province as a rear base for forays into Chad.

In their communique Libya and Chad said that they would abide scrupulously by the ceasefire they signed at the instigation of the Organisation of African Unity on September 11, 1987. They also said they would settle the dispute over the sovereignty of the Aouzou strip peacefully, respecting the United Nations and OAU charters, and negotiating through a special OAU committee.

Western countries nevertheless remain sceptical of the intentions of Col Muammer Gadaffi, the Libyan leader, and of his many attempts to form friendships, alliances and unions with his neighbours. In 1984 France and Libya signed an agreement on mutual troop withdrawal from Chad, but Mr Gadaffi flouted the accord and France was forced to send its troops back.

Hopes rise of end to Beirut hostage-taking

By Jim Muir in Nicosia



Beirut University College hostages: Mithileshwar Singh, Robert Polhill, Allan Steen and Jesse Turner

THE REPORTED release of one of the hostages in Beirut last night leaves 25 foreigners, including nine Americans, still captive in Lebanon but hoping that the era of hostage taking may eventually be drawing to a close.

A Lebanese radio station said that Mr Mithileshwar Singh of India, a 61-year-old professor resident in the US, had been freed after more than 20 months in captivity.

The release of a hostage was foreshadowed by statements from the US and Syrian governments. Mr Singh and three American colleagues were abducted in January last year from the West Beirut campus where they all worked.

Their kidnappers, who later issued statements in the name of the "Islamic Jihad for the Liberation of Palestine", posed as Lebanese gendarmes to snatch the four professors from the Beirut University College (BUC).

Some sources believe the group to be one of the Iranian-backed factions – under the Hizbollah umbrella – which are thought to be behind almost all the abductions. But a number of reports and accusations also said that Syrian-backed groups might have been involved.

Certainly from the time Syrian troops entered the Hizbollah-controlled southern suburbs of Beirut in May, it was strongly rumoured that the BUC hostages would be the first ofthe Americans to be freed.

After a long silence, the Islamic Jihad for the Liberation of Palestine issued a series of four statements over the past three weeks, announcing an "initiative aimed at resolving the issue of the hostages."

It demanded statements from Washington favourable to Palestinian rights. Although US officials replied that they would not bargain with terrorists, the group announced last Friday that it would free one of its hostages soon as a "goodwill gesture".

The spate of statements from the kidnap group coincided with Lebanon's presidential election crisis, which saw US diplomats trying to mediate a solution between Damascus and the Lebanese hard-line Christians.

Some Beirut sources believe that the Syrians may have prompted hints of a hostage release in order to strengthen their hand with the Americans. They claim that the Syrians were given a say in the release of the BUC hostages as part of the agreement for the deployment of their troops in the suburbs, a move negotiated with Iranian help.

US officials in Washington said they had been given prior notice of the release of a hostage by a Middle East state, which was believed to be Syria. The reported release of Mr Singh clearly raises hopes that freedom may not be far off for the other BUC professors.

But the release of the other US hostages, still with their hard-line, pro-Iranian kidnappers, is thought to be more directly dependent on the development of US-Iranian relations. Among them is the longest-standing Western hostage, Mr Terry Anderson, an Associated Press correspondent, held since March 1985.

The announcement last week that Britain and Iran are to resume full diplomatic relations has clearly boosted hopes for the three British hostages, although the British Foreign Office said last night it had no new information about them. Anglican envoy Mr Terry Waite, journalist Mr John McCarthy, and Belfast-born teacher Mr Brian Keenan are all believed to be held by the Iranian-backed radicals. Mr McCarthy and Mr Keenan were both kidnapped in April 1986 and Mr Waite was captured in January 1987.

Both France and West Germany have secured the release of all their nationals held hostage in Lebanon – in France's case 11 of them, in Germany's, three. The releases, in dribs and drabs, coincided with improvements in Tehran's relations with those countries, although there were also reports in many cases that ransoms had been paid. The reports were denied.

Angolan rebels offer truce to Cubans

DR JONAS SAVIMBI, the Angolan rebel leader, yesterday offered a truce to Cuban forces supporting the government in the country's civil war, Reuter reports.

Kwacha, the press agency of Dr Savimbi's Unita organisation, quoted him as saying the Cubans had no further justification for fighting in Angola now that South African troops had left the country.

Kwacha said that Dr Savimbi, speaking on rebel radio, had offered to halt attacks on Cuban forces in Angola if they refrained from attacking his guerrillas. He also offered to release Cuban prisoners.

Unita is backed by South Africa and the US in its fight to overthrow the government in Angola which is supported by an estimated 50,000 Cuban troops. South African forces were withdrawn from Angola in August under an agreement worked out by Angola, South Africa and Cuba at US-sponsored talks.

Withdrawal of the Cubans, which South Africa considers a condition for granting independence to neighbouring Namibia, is still being negotiated.

Report urges that a reluctant S Korea should join OECD

By Robin Pauley, Asia Editor

SOUTH KOREA should be invited to join the Organisation for Economic Co-operation and Development immediately, says a recent task force report to the Trilateral Commission, the privately-funded international think-tank.

However, the Koreans themselves are not so sure. While the world's sporting spotlight has been on the country during the Olympic Games the key people responsible for maintaining the country's remarkable economic progress have been quietly travelling the world emphasising that further big reforms will be needed before it is ready to enter the ranks of industrially advanced nations.

Dr Sakong Il, the South Korean Finance Minister, said in London last week that his country was at an "awkward stage of development" and would have to face up to new challenges during a transitional phase before becoming fully industrially advanced. An important challenge, as part of the nation's efforts to contain the large balance of payments surplus at a moderate level, would be to continue with import liberalisation and tariff reductions. "The challenge is not to dampen growth by slowing exports but rather to make growth more balanced through stimulating imports."

Dr Sakong also promised that tax reform will be introduced before the end of this year, focused on relieving the relative tax burden on low and middle income groups, particularly wage and salary earners. "Heavier levies on income earned from property ownership will also be introduced while tax exemptions for big business will be reduced."

In New York, Mr Kim Kun, Governor of the Bank of Korea, made some of the same points but emphasised: "It must be admitted that progress towards liberalisation may have appeared rather slow, reflecting the contemporary immaturity of the economic environment."

In contrast to the success of its stabilisation policies, Korea had been unable to sustain the full momentum of economic and financial liberlisation that was set in motion in the early 1980s.

"Domestically there has been much resistance to liberalisation. Certain strategic industries or large exporting companies might be afraid of attempting to stand on their own feet and doing without government feather-bedding because they have long-grown accustomed to favours both in tax and financial treatment.

"Externally, Korea has been carrying out liberalisation in the face of rising protectionism, particularly in the technically advanced countries. Increasing barriers to Korean exports does not make it any easier for the Government to persuade people of the virtues of liberalisation at home."

However, Mr Kim said, if Korea was really serious about transforming its economy into a truly liberal economy, policy reform would have to go much further than that already attempted. Sooner or later the need for further liberalisation in agricultural products would need to be faced and restrictions on foreign investment should be reduced to an absolute minimum while more effort should also be put into assisting Korean investment abroad.

"Also, to encourage a freer flow of trade and investment between Korea and the rest of the world Korea needs to do away with its remaining foreign exchange controls sooner rather than later," he said. A crucial task in the financial sector was to deregulate interest rates, essential if monetary policy was to be truly effective, and the Korean capital market opened up. This dictated an expanded and more sophisticated stock market to absorb the potential shocks caused by large in and out flows of huge amounts of foreign capital.

The report to the Trilateral Commission says this transitional economic phase is a propitious moment for Korea to join the OECD. South Korea is rapidly becoming one of the world's most efficient producers of steel, automobiles,and electronic products and is matching Japan as the leading shipbuilding nation, says the report.

"Japan is unable to offer advice to South Korea for historical reasons and, despite its continuing influence, US relations with South Korea have also become tense at those times when America's bilateral pressures on the trade and investment fronts have been perceived as unfair or too tough."

In such circumstances Korea would benefit from and might be receptive to peer reviews in multilateral forums such as the OECD, says the report, adding: "The representatives of South Korea might bring back home a more internationally oriented sense of policy direction from international organisations and gradually integrate their national economy into the international economy."

The Seoul Olympics made a provisional profit of $349m, Mr Park Seh-jik, Olympic Organising Committee president, said, Reuter reports from Seoul.

Organisers had said they would be happy to break even. The 1984 Los Angeles Games, the most commercialised in Olympic history, made a $222.7m profit.

Mr Park said the provisional surplus comprised $69.5m in operating profit and $279.5m in donations from South Koreans at home and abroad. Revenue from the Games, which ended on Sunday, totalled $1.164bn against running costs of $815.5m.

NZ fears EC protection

NEW ZEALAND and its Pacific neighbours are concerned that the European Community's planned single market should not distort trade and lead to increased protectionism, Mr Russell Marshall, NZ Foreign Minister, said in London yesterday, Reuter reports.

"The experience of the last 25-30 years with the Common Agricultural Policy will be sufficient reminder of the costs of an approach which carries the seeds of trade disputes," he told the New Zealand-UK Chamber of Commerce.

The dispute with Brussels over access for NZ butter exports was a "test case".

Palestinians strike over closure of schools

By Andrew Gowers in Jerusalem

PALESTINIANS in the West Bank and Gaza Strip staged another of their intermittent general strikes yesterday in protest at a decision by the Israeli authorities to keep schools and universities in the territories closed until at least the middle of next month. Eleven Palestinians were reported to have been shot and injured in clashes with Israeli troops.

Schools had been due to reopen this week after the summer holidays, but the military authorities, fearing that a new school year could bring a fresh wave of demonstrations against Israeli rule, have decreed that they should stay shut until November 15 at the earliest. The decision is a telling illustration of the disruption caused in the territories by the 10-month Palestinian uprising and by unsuccessful efforts to quash it.

By November, several of the universities in the West Bank and Gaza – seen as hotbeds of Palestinian nationalism – will have been closed for almost a year, the longest continuous closure since the Israeli occupation began in 1967.

Primary and high-schools have been closed periodically during that time, with equally serious effects on children's education. Their timetables have been so disrupted that the Jordanian authorities – which retain responsibility for school curricula in the West Bank – agreed earlier this year that mid-year exam results should count for the full year's work.

The official explanation for the closures is that schools and universities have in the past been focal points for protest against the occupation. But the authorities are also taking increasingly tough action against people who have tried to compensate by staging classes in their homes or in local community centres. On a number of occasions troops have broken up such classes, leaving the impression among some Palestinians that deprival of education is being used as another tool in the effort to break the resistance.

Reuter adds from Hebron: Mr Mustafa Natshe, deposed mayor of Hebron and a leading PLO supporter in the occupied West Bank, said yesterday he believed the PLO was on the verge of suspending armed struggle with the aim of helping the Israeli left to win elections on November 1.

Pakistan president vows to end violence

President Ghulam Ishaq Khan vowed yesterday to crush gunmen responsible for the killing of at least 264 people in Pakistan's worst violence in recent years, Reuter reports from Hyderabad.

On a flying visit to Hyderabad, where 182 people were gunned down at random last Friday, he said the government knew who was responsible and would eliminate them with an iron hand, the official news agency APP reported.

The President said the massacre, which sparked ethnic rioting in Karachi, was aimed at creating instability and destroying the unity of Pakistan. He said there had been lapses by the administration and promised to tighten security.

Khomeini's mission

Ayatollah Ruhollah Khomeini said yesterday Iran would rely on neither East nor West to help it to recover from the eight-year war with Iraq, Reuter reports from Nicosia.

Instead, Iranians must protect their Islamic revolution from "the criminal Soviet Union and world-devouring America" and their agents, the Iranian news agency IRNA, monitored in Nicosia, quoted him as saying.

Iran must never, under any circumstances, retreat from its mission to spread the ideals of Islamic revolution throughout the world, he said."I am keeping a watchful eye on the internal and external policies of the country and as long as I am alive I will not let the course of our real policy change," the 85-year-old leader said.

Nepalese flood study

Bangladesh and Nepal have agreed to set up a joint study into ways to control floods which devastate the region every year, Mr Humayun Rasheed Choudhury, Foreign Minister, said yesterday, Reuter reports from Dhaka.

He said the accord was reached during four hours of talks between King Birendra of Nepal and General Ershad, the Balgladeshi President in Kathmandu on Sunday. This year floods killed more than 2,600 people in Bangladesh and hundreds more in India.

India and Bangladesh have already agreed to set up a separate study.

OVERSEAS NEWS

Gandhi expected to discuss border issues in China

By K.K.Sharma in New Delhi

MR RAJIV GANDHI, India's Prime Minister, is to visit Peking in December for talks with Chinese leaders on bilateral issues, the most important of which is expected to be the Sino-Indian border dispute over which the two countries fought a bloody war in 1962.

The visit will be the first by an Indian Prime Minister for 34 years, the last time being when Mr Gandhi's grandfather, the late Mr Jawaharlal Nehru, went in 1954.

Gandhi: bilateral talks

Soon afterwards relations were soured by the dispute over where the Sino-Indian border should be drawn through the Himalayas.

Officials of both countries have failed to agree even the basis of the settlement of the contentious issue. After the border war of 1962, India claimed that China had gained illegal possession of more than 14,000 square miles of Indian terrority in northern Kashmir.

China also claims the north-eastern Indian state of Arunachal Pradesh, formerly known as the North-East Frontier Agency, and registered a strong protest when India granted statehood to it a couple of years ago.

The Chinese have long sought to improve relations and a standing invitation to the Prime Minister has been in existence since it was first offered to Mrs Indira Gandhi more than a decade ago. When the last round of bilateral talks was held between officials last year Mr Gandhi sent a private message indicating he would now like to accept the offer.

An official Indian delegation, led by Mr K.P.S. Menon, India's Foreign Secretary, left for China yesterday to settle the details.

Mr Gandhi will take the level of negotiations on the border issue and other aspects of Sino-Indian relations to the political level – something China has sought without success for many years. So far, eight rounds of official level talks have been held on the boundary and other bilateral issues since formal contacts between the two countries were resumed in 1981.

Over the years, China has said that that the two countries should set aside the border issue and concentrate on improving other aspects of bilateral relations. India has always resisted, arguing that unless the central issue is settled improvement of relations is not possible.

Concrete proposals for a settlement of the issue have never been discussed but Peking indicated some years ago that it would accept a "package deal" under which China would be allowed to keep terrority it held in northern Kashmir in return to giving up claims to Arunachal Pradesh.

However, the Chinese stance has changed in the last couple of years and they now argue that settlement of the Arunachal issue is of greater importance. This has surprised the Indians, particularly as Chinese troops withdrew unilaterally from what was then known as Nefa after the 1962 border war.

Mr Gandhi's visit is unlikely to lead to an early settlement of a dispute that has lasted more than four decades punctuated with a brief brief period of Hindi-Chinibhai (Indians and Chinese are brothers) between the Mr Nehru and Chou en-Lai, the then Chinese prime minister, in the mid-1950s.

Mr Gandhi's initiative is being closely watched by his political opponents in India and he is under pressure not to make territorial concessions.

Musa rejoins opposition to Malaysian PM

Musa: on the attack

By Wong Sulong in Kuala Lumpur

DATUK Musa Hitam, the former Malaysian deputy prime minister, has announced he is to rejoin the Malay opposition led by Tengku Razaleigh, reviving the powerful partnership that nearly toppled Dr Mahathir Mohamad, the Prime Minister, at party polls last year.

His decision comes amid increasing signs that a number of opposition parties are forging a grand alliance to challenge Dr Mahathir's coalition government in the next general election.

With Datuk Musa joining Tengku Razaleigh, the number of Malay MPs from the now defunct United Malays National Organisation (UMNO), who have declared themselves as independents, totals 16. Another three or four are likely to join later.

Tengku Razaleigh hopes to form a loose co-operation pact with the Chinese-based Democratic Action Party, and the Party Islam, which would give the opposition group more than 40 seats in the 177 member parliament.

While Dr Mahathir is under no immediate threat, and he need not call a general election for another three years, all is not well within his coalition government of 13 parties.

Dr Ling Liong Sik, Transport Minister and leader of the Malaysian Chinese Association, yesterday left the country for an unknown destination on six weeks' unpaid leave saying he needed time to reflect on the MCA's role in the government. The MCA is the second biggest party in the government but has not been able to play the role expected of it by the 5m Chinese minority who have seen the steady erosion of their political and economic status in recent years.

A recent MCA survey showed that it could lose more than half of its 17 parliamentary seats in a general election.

At the same time, several powerful Malay chief ministers are said to be withholding full support from the Prime Minister.

Datuk Musa, 55, resigned as Dr Mahathir's deputy in February 1986, citing "irreconcilable differences" with the Prime Minister. He teamed up with Tengku Razaleigh, a former trade and industry minister, in April last year to challenge Dr Mahathir in the UMNO polls.

After Tengku Razaleigh narrowly lost his bid for the UMNO presidency, Datuk Musa drifted back to the Mahathir camp. After the demise of UMNO and the massive security crackdown last October in which 120 politicians and social activists were detained without trial, he felt that Dr Mahathir was in an unassailable position.

Recent events, however, forced Datuk Musa to reassess his position. The judicial crisis, resulting in the sacking of the country's top judge and the suspension of five supreme court judges, provided him with the right issue not to join Dr Mahathir's new UMNO party last May, and he stayed on the sidelines.

In announcing his return to active politics, Datuk Musa said he had failed to get Dr Mahathir to accept all the dissidents back into new UMNO. In addition the recent Johore Baru by-election showed that Dr Mahathir is vulnerable. The Prime Minister's candidate was severely defeated by Mr Shahrir Samad, a former minister and a Musa-turned-Razaleigh supporter.

Dr Mahathir is taking the new challenge in his stride. His supporters are playing down the by-election defeat. The Prime Minister's biggest asset is the fast improving Malaysian economy, and he hopes opposition will fizzle out by the time he calls a general election.

Manila tries to close the debt gap

Richard Gourlay reports as negotiations open in New York

WHEN Philippine finance chiefs meet with commercial creditors in New York today, they will do so in a markedly different atmosphere to that prevailing when they last asked for new money.

Their request in 1983 followed a balance of payments crisis and the declaration of a debt moratorium. Today they are asking for about $1.5bn to help bridge an expected financing gap over the next two years, and for debt relief on $14.6bn of unofficial loans. The Philippine economy is growing by nearly 7 per cent, compared with negative growth of 5 per cent in 1984, and the country can now meet payments on its $29bn of debt, albeit painfully.

The meeting will take place amid growing international scepticism about the success of the plan launched three years ago by Mr James Baker, the US Treasury Secretary, which relies on new money and policy changes to allow countries to grow out of their debt. The plans which emerged from last week's meeting of bankers at the International Monetary Fund and World Bank in West Berlin were embryonic, but Japan has nominally taken up the cause of the debt-ridden nations.

A financing gap was looming for the Philippines even before creditors signed a $13.2bn rescheduling package last December. But since then, the country's gross international reserves have fallen more than expected, to $1.6bn from $2bn last December. This accelerated fall is largely caused by a recovery-induced worsening of the trade balance and a chronic inability to put to work committed but unused aid.

Mr Jose Fernandez, central bank governor, leads the team, supported by Mr Vicente Jayme, the Finance Secretary. They are expected to ask the 12 member creditor committee for:

- $1.5bn-$2bn of new money.
- The rescheduling of about $200m of commercial debt not covered last year and falling due in 1990.
- A lower interest spread on the $14.6bn commercial debt outstanding as of April this year. The rate on $11.3bn of medium term debt was lowered in the last agreement to London interbank offered rate plus ⅞ per cent.

The team is also expected to explore the bankers' appetite for Mr Jayme's "creative" schemes, similar to the Mexican bonds-for-loans deal earlier this year – although the Philippines' shortage of reserves poses problems for a similar plan or similar debt relief measures.

A rapid conclusion to the talks is unlikely. In the new international mood, some bankers say, the Philippines may wish to see if a new US administration will take up the cudgels for indebted countries. Furthermore, precedents which might be followed by Latin American creditors are not likely to be set.

The bankers' opening shot before the talks was to question whether the Philippines actually needs new money, a view only partly supported by independent economists. They argue that the Government has a pool of over $1bn of unused aid, set aside for projects which do not exist. They do not want to supplement Philippine reserves only to provide cash with which the Government can buy back its own debt at a discount.

They believe the Government could do more to encourage more foreign investment, for example by modifying the rule limiting non-Filipinos to 40 per cent of a company's equity.

They also say the country should conclude a new agreement with the IMF, following the drawdown in August of the last tranche of a standby facility. Philippine officials say the IMF has already provided the framework for an extended fund facility worth up to $1.3bn over three years. Talks between the fund and Philippine officials will resume later this month but, like some commercial bankers, the IMF wants to bridge a financing gap and not support a currency it believes is overvalued.

The 470 or so creditor banks do not enter the new money talks with one position. Smaller banks resent having to lend more when the new loan is immediately worth 47 per cent less, according to the secondary market discount for Philippine debt.

Larger creditors, however, are watching the progress of a proposal put forward by nationalist Senator Alberto Romulo, who advocates limiting all debt payments to 10 per cent of foreign exchange earnings – or less than a quarter of what is needed to service debt. One substantial creditor said that, if Mr Fernandez and Mr Jayme do not bring home a good deal, pressure could build to place Mr Romulo on the negotiating team.

President Aquino has repeatedly said that the country will honour its debts. But some bankers recognise that they could lose out if the Philippines is not met halfway. Nationalists already trumpet that "bad" behaviour has allowed Bolivia to buy back nearly half its bank debt at less than 15 cents on the dollar, while the Philippines, which meets most bank and IMF demands for policy changes, continues to pay a fifth of the budget towards foreign commercial debt service.

Aquino lobbies to postpone local poll

PHILIPPINES President Corazon Aquino met two senators yesterday and lobbied for the postponement of village elections in November in anticipation of possible communist rebel violence, AP reports from Manila.

The meeting came three days after a senior palace official said that Mrs Aquino failed to convince Senate leaders to drop their objection to delaying elections for *barangay* [village] posts from November 14 to next May.

On Friday, Mr Catalino Macaraig, presidential Executive Secretary, said that the administration had given up trying to change the senators' minds

But after a meeting with Mrs Aquino, Sen Edgardo Angara and Sen Mamintal Tamano said that they were in "complete agreement" after hearing the president's explanation.

Mrs Aquino has asked Congress to postpone the elections to tackle communist control of some 20 per cent of the country more than 40,000 *barangays* and municipal districts.

Mr Ramon Mitra, Speaker of the House of Representatives who accompanied the two officials, said that senators affiliated with the new pro-Aquino Struggle of the Democratic Filipino party would discuss Mrs Aquino's proposal. Several political commentators claim the postponement was designed to give time for the new party to ensure victory.

Taiwan chemical protest

ABOUT 50 villagers yesterday began a seven-day hunger strike at the Taiwan Economic Affairs Ministry to protest against a government plan to build a third chemical plant in their area, AP reports from Taipei.

They claimed their village, Houjinn near the southern tip of Taiwan, has been polluted by two naphtha plants built more than 20 years ago and they want the Government to solve the pollution problem before allowing the state-run Chinese Petroleum Corporation to build a third plant.

The Environmental Protection Administration approved last month a plan to construct the third plant, and the Economic Affairs Ministry is expected to act on the recommendation later this year.

The protesters camped outside the ministry and protest leader Mr Liu Yung-ling said a group of environmentalists and college students would join the hunger strike later this week.

US in move to end Uruguay Round impasse

By Christina Lamb in Islamabad

THE European Community was caught off guard at a conference of trade ministers in Islamabad yesterday when the US declared openly that it was prepared to discuss short-term measures on agriculture reform as a means of unblocking the current impasse in the Uruguay Round of multilateral trade liberalisation talks.

Until now, the US has focused on long-term elimination of farm subsidies and resisted pleas for short-term reform. This has been resisted by the EC on the grounds that the US proposals are too radical.

Ministers said the EC delegation was "wrongfooted and visibly shocked" by the apparent shift in US policy, which, they claimed would increase pressure on Europe to make counter-concessions on long-term farm reform at the ministerial meeting of the General Agreement on Tariffs and Trade in Montreal in December.

Mr Clayton Yeutter, US Trade Representative, told the meeting the US was prepared to regard proposals put forward by the 14-member Cairns group of "non-aligned" farming nations as the basis for future discussion.

This would mean freezing subsidies, a percentage reduction on aggregate levels of support, and movement towards improved access, although there were elements in the Cairns proposals which the US could not accept.

Mr Michael Duffy, Australian Trade Minister, who led the discussions, said: "At last there seems general consensus that specific measures on agriculture must be included in Montreal or the whole Gatt process risks being stalled. The US should be commended for this positive step."

Mr Arthur Dunkel, Director-General of Gatt, added: "In every negotiation there comes a time when people must step out of their positions. The US has taken a step which has forced others to react."

Mr Willy de Clercq, EC Trade Commissioner, said: "It is unrealistic to think that all support on agriculture could be abolished. Subsidies should be reduced, not abolished. We did not accept this in Islamabad and we will not in Montreal."

Citing efforts to cut Europe's food mountains through price controls and fixing of a ceiling on spending, he commented: "We've said we need urgent short-term measures and we're the only ones who have taken such measures. The rest of the world should follow."

Mr Yeutter was disappointed with this response. "The EC are still thinking small on the issue. The world needs something more than modest reform."

As the meeting drew to a close, Mr Yeutter returned to the offensive with a proposal that as a gesture of goodwill, developed countries should all agree to open up completely their markets to products from the poorest nations.

"There should be total elimination of all barriers, quotas and tariffs for the least developed countries," he said.

Moscow seeks to open trade bank in India

By K.K. Sharma in New Delhi

THE SOVIET UNION has asked the Indian Government to let it open three branches of its foreign trade bank in New Delhi, Bombay and Calcutta to facilitate trade between the two countries.

A Soviet delegation said the Indian Government's response had been favourable.

The bank would initially finance trade deals in roubles but expects to provide hard currency loans and finance purchases of components needed from Western countries.

India and the Soviet Union aim to increase trade 250 per cent in the next five years.

McDonnell wins Swiss aircraft contract

By William Dullforce in Geneva

MCDONNELL DOUGLAS, the US manufacturer, has won a SFr3bn (£1.12bn) contract to equip the Swiss air force with 34 of its F/A-18 Hornet combat aircraft.

Mr Arnold Koller, Defence Minister, announced yesterday that the federal government had given its preference to the F/A 18 over General Dynamics' cheaper F-16 Falcon.

The competition for the Swiss order was reduced to these two aircraft in March, when the Swiss air force discarded France's Dassault Mirage 2000 and the Saab JAS39 Gripen of Sweden from its short list.

Although the F/A-18 was 15 per cent more expensive than the F-16, it could be integrated into the Swiss air defence system with only minor adaptations, Mr Koller said. The F-16 would have needed substantial changes.

Competitive testing of the two fighters in Switzerland over five weeks in April and May had shown that the F/A-18 possessed the better armaments system, Mr Koller said. The McDonnell Douglas fighter is equipped with Sparrow AIM-7M air-to-air missiles.

The order for the combat aircraft was announced the day after the Swiss government reported it had secured landing rights for Swissair, the national airline, at an additional US airport. Switzerland had linked the landing rights with the purchase of aircraft for its air force.

The SFr3bn fighter contract provides for 100 per cent offset purchases from Swiss companies by the US manufacturing group.

Poles may relax investment rules

Hopes that rules for foreign investment in Poland will be further liberalised have been raised by the last-minute withdrawal for re-drafting of projected legislation, Christopher Bobinski reports from Warsaw.

A new draft law seeks to reduce a foreign company's income tax from 50 to 40 per cent.

Egypt looks to Europe's power

Tony Walker on schemes to diversify the nation's electricity supply

MR Mohammed Maher Abaza, Egypt's Electricity Minister, is not a man to think small. His latest dream is to connect Egypt with the power grids of Europe through west Africa and Turkey.

He has already commissioned a study by Electricité de France into the feasibility of linking Egypt and Jordan with each other's power systems to share respective surpluses. The scheme would involve running a submarine cable across the Gulf of Aqaba.

An allied project under consideration is to join the Egyptian and Saudi Arabian power grids. The Saudis have agreed to a feasibility study but they caution that further development of remote northern Saudi Arabia is not a priority at this stage.

Mr Abaza, undaunted by the sceptics, has also been talking about linking Egypt with Algeria and Morocco through Sudan, the Central African Republic and Zaire. The idea being eventually to allow Egypt and African states in between to tap into European power supplies through Spain and Gibraltar. An alternative is for Egypt to be connected to Europe through Jordan, Syria and Turkey.

The theorising about possible alternative power sources is partly attributable to alarm in the Egyptian Government recently when it became clear that persistent drought in Egypt's African hinterland was threatening hydropower supplies from the country's Aswan High Dam – source of 22 per cent of its generating capacity.

The alarm prompted Egypt to embark on an emergency programme to increase generating capacity in the expectation of a shortfall. It established a special fund of $220m from its limited hard currency resources to bring on line as quickly as possible additional power supplies.

The Nile water scare may prove to have been a benefit to Egypt if the fears of an electricity shortage persuade policymakers to allocate the necessary resources to help the country overcome a chronic deficiency in power generating capacity. Mr Emad el Sharkawi, chairman of Egypt's Electricity Authority, said that even though demand was slowing – the rate of increase in demand is expected to drop this year to about 7.5 per cent compared with 10.5 per cent last year – capacity fell short of requirements.

He estimated that present peak demand was about 6,000 megawatts against installed

Mr Abaza: ambitious plans

capacity of 6,250 MW, but production was well short of this figure because of the drop in the waters of the Aswan High Dam and maintenance requirements. While Mr Sharkawi noted that the worst was over – the Aswan High Dam at September 1 reached 159.5 metres above sea level compared with a low of 151.6 in July – he said Egypt could not afford to slacken efforts to boost its power generating capacity.

It would be surprising if there was not some frustration in the Ministry of Electricity at the Government's reluctance to agree to the demands of international lending institutions to increase energy prices to world parity over seven years as a means of attracting additional funding.

The World Bank and the United States Agency for International Development (USAID) are pressing Egypt to raise prices by 30-40 per cent immediately. At present, the average cost of heavily-subsidised electricity to consumers is three piastres per kilowatt hour (about one cent) compared with production, marketing and distribution costs of 13 piastres per kwh.

The World Bank is delaying disbursement of some $250m in structural assistance loans. USAID is withholding about $330m in funds for power projects to be distributed over three years. Both institutions say they will not release the money until Egypt agrees to institute significant price increases.

In the meantime, Egypt is pressing ahead with an ambitious construction and refurbishment programme that is planned to add 4,000-6,000 MW to generating capacity by the mid to late 1990s.

Mr Sharkawi forecast an average annual increase in energy demand in the last quarter of this century of 11 per cent and indicated this would continue to exert tremendous pressures on Egypt's electricity resources.

UK boosts share of exports to Kenya

By Julian Ozanne in Nairobi

A BREAKTHROUGH in supplies of telecommunications equipment is spearheading a British advance in the market share of Kenya's imports.

According to the latest figures released by the High Commission in Nairobi, UK exports to Kenya for the period ending June topped £101m - an increase of more than 20 per cent over the same period last year.

Between 1985 and 1987, the value of UK goods imported into Kenya increased from £160m to £199m – a rise in the share of the market from 13.7 to 17 per cent.

More than half the total exports are in telecommunications equipment and machinery.

Last month, GEC Plessey Telecommunications won a £18m contract to supply 16 System X digital telephone exchanges to Kenya Posts and Telecommunications Corporation.

High Commission officials predict British exports to Kenya could top £240m this year.

Price of newsprint set to rise round the world

By Maggie Urry

THE price of newsprint seems set to rise further around the world until 1990 when increases in production capacity come through.

Last month, Abitibi-Price, the largest newsprint maker in Canada, announced it would put prices up by 6.9 per cent from January 1. Other North American producers followed suit.

Although resistance from customers is likely to mean a delay in the price rise becoming effective, there is little doubt it will go through by spring.

In Europe, newsprint makers are still considering whether to put prices up as well, though it is likely there will be increases next year, perhaps in early spring. Buyers usually get three months' notice of a rise, and the Newspaper Publishers Association in the UK has not been informed that prices will be going up.

Mr Heikki Rautanen, newsprint sales director at Finnpap, the selling group for the Finnish paper industry, says he expects prices in Europe will go up moderately, but that the decision had not been made yet.

Mr Martin Sverker-Löf, president of Svenska Celullosa (SCA), the major Swedish newsprint maker, believes it will be possible to pass cost increases on to buyers with a price rise next year.

The last price increase in the UK was put through from January 1 this year, with some time-lag, when prices rose by £25 to £425 a tonne for standard paper. In Europe, price increases, implemented around the same time, were more modest.

Consumption has been rising in the UK, largely because many newspapers have increased the numbers of pages in each issue. In the first half of 1988, consumption in the UK has risen by about 7 per cent, well above the average growth rate of about 2.5 per cent a year.

Demand had been strong in North America, with the Olympic Games and the Presidential

Customer resistance may mean delay in price rises becoming effective, but there is little doubt they will go through by spring

elections helping. Newsprint makers still find a ready market for the paper at home. This makes for strong profits – Jefferson Smurfit recently showed an 80 per cent rise in profits in its US newsprint business.

But there have recently been signs of a weakening trend in North America, largely because of a downturn in advertising. With the US dollar weak, there is an increasing incentive to push exports of newsprint to Europe, the traditional destination for excess North American paper when domestic conditions are less good, or to the Far East and South America.

Statistics from the American Paper Institute show a 2.5 per cent rise in newsprint exports in August over the same month a year ago.

North American producers have a significant cost advantage against many European makers. In the past, the arrival of newsprint from North America has disrupted the market in Europe.

While the dollar was firm, the Scandinavians, who export much of their newsprint production to the more densely populated areas of Europe, were able to regain their market position. If exports from North America rise again, Scandinavian producers could be under pressure.

Three new newsprint mills are proposed in France, each with Nordic involvement.

SCA is working with Cellulose du Pin to build a newsprint machine in Tartas, Bordeaux. Mr Martin-Löf says the French mill will be "very competitive compared to Canadian and Scandinavian cost structures."

United Paper Mills, of Finland, which owns the Shotton Paper mill in North Wales, plans to start up a machine near Strasbourg.

If consumption continues strong, there should not be too much difficulty when the new machines start up. But the rise in prices next year could be the last for a while.

THE LABOUR PARTY IN BLACKPOOL

Leaders strongly backed on public ownership issue

By Peter Riddell Political Editor in Blackpool

THE LABOUR leadership yesterday won overwhelming approval from its party conference in Blackpool for a flexible approach to public ownership and for a greater emphasis on consumer interests in industry.

Mr Neil Kinnock, the party leader, will this afternoon make his keynote address secure in the backing of the conference for a new statement of democratic socialist aims and values and for the first stage of a wide-ranging two-year policy review.

The conference yesterday also approved moves substantially to boost party membership, while Mr Kinnock retained his large majority on Labour's National Executive Committee in the annual elections. The NEC is Labour's policy making body.

However, the mood of the conference has been mixed. Supporters of the hard-left, defeated in Sunday's leadership election, have repeatedly attacked Mr Kinnock and his allies over the policy review.

A substantial minority of dissenting hands, mainly from local constituency delegates were yesterday raised on every vote, even though the leadership won comfortably with the support of most leading trade unions' block votes.

On the key policy document, The Productive and Competitive Economy, the conference rejected calls for renationalisation of all industries and services which have been privatised since Mrs Margaret Thatcher took power in 1979. It accepted, however, that British Telecom and other utilities should be restored to public ownership. There was no commitment to outright takeovers.

Neil Kinnock in reflective mood

The party has turned towards varying forms of public ownership intended to be more responsive to consumers and workers. Options listed for further consideration include majority and minority shareholdings, the use of golden shares and the conversion of shares into non-voting bonds.

The policy document approved yesterday also proposes a new category of public interest companies in those sectors where there is a statutory responsibility to service both consumers and the national interest. Regulatory authorities will be strengthened, with powers to monitor targets for consumer service, investment and pricing policy.

This new approach was yesterday strongly attacked by Mr Arthur Scargill, the president of the National Union of Mineworkers. He said he had not joined the Labour Party "for a yuppieland approach to run capitalism better than the Tories." He was loudly applauded by some constituency delegates who are worried about an alleged drift from socialism.

Most trade unions, however, backed the view of Mr John Edmonds, general secretary of the GMB general union, who urged "a new model of social ownership" delivering guaranteed high standards of service.

The leadership accepts that market forces and competition are necessary but need to be controlled. Mr Bryan Gould, the party's trade and industry spokesman and main advocate of policy modernisation, said that the market was too narrow, too fragmented, and too short-term.

Kinnock keeps grip on party policymakers

By Michael Cassell

MR NEIL KINNOCK, the Labour leader, last night retained a firm grip on his ruling National Executive Committee, despite a marginal shift in favour of the party's left.

His dominance of the NEC was underlined by the election of Mr Robin Cook, the party's health spokesman and the Labour leader's campaign manager during the recent leadership contest and in 1983.

There was also considerable relief within the Kinnock camp at the re-election, by a narrow margin, of Mr Bryan Gould, the trade and industry spokesman, whose position had been threatened by widespread criticism of his proposals for updating Labour party policy.

Mr Gould received the lowest qualifying vote in the NEC constituency section.

The election of Mr Tom Burlison, northern regional secretary of the GMB general union, will provide Mr Kinnock with a new and influential union ally. He is strongly opposed to the left.

The main casualty within the constituency division of the NEC was Mr Michael Meacher, the party's employment spokesman, whose defeat largely reflects his failure to maintain a high profile on employment issues.

Ms Anne Davis, and Ms Renee Short also lost their seats. They are replaced by Mrs Margaret Beckett, the left-wing MP for Derby South who usually backs the Kinnock leadership on policy matters, and Ms Clare Short, the MP for Birmingham Ladywood.

Demand for credit hits record, but retail sales steady

By Ralph Atkins, Economics Staff

BRITISH consumers' demand for credit jumped to record levels in August but there was no increase in the volume of retail sales, according to official figures yesterday.

The Department of Trade and Industry said the amount outstanding on consumer credit agreements increased by £538m to £25.9bn after adjustment for normal seasonal variations. That compared with an increase of £298m in July.

The figures suggest that the rise in base interest rates from 7.5 to 12 per cent since the end of May has so far had little impact on consumers' appetites for borrowing.

Separate figures for retail sales show a levelling-off during August – with volumes unchanged compared with the previous month after seasonal adjustment. But they follow a big rise of 2.4 per cent in July and the underlying growth rate remains strong.

The level of sales in the three months June to August was 2 per cent higher than the previous three months and 6.25 per cent higher than the corresponding three months a year before.

Provisional figures released last month for August showed a 0.5 per cent rise.

The strong growth of retail sales and the buoyancy of credit business continues to unsettle financial markets. London analysts are looking for signs of a slowdown in coming months which could ease upward pressure on interest rates.

Yesterday's figures hardly affected share prices. The FT-SE 100 share index closed 23.9 down at 1,802.6 – largely because of share price falls in New York and oil price movements.

Mr Kevin Gardiner, economist at Warburg Securities, said: "To get people convinced of a slowdown in the economy, I think you would have to see a fairly steep fall in retail sales."

The Treasury said the figures referred to August, before the most recent rises in the cost of borrowing would have affected consumers' spending behaviour.

It said the bulk of personal borrowing is accounted for by mortgages, for which there are signs of a slowdown in recent months.

The credit figures cover bank credit cards and agreements with retailers, building societies, finance houses and other credit providers. They do not include mortgages.

The figures suggest no let up in the recent rapid rate of expansion, although the DTI said that it would be wrong to draw conclusions on the underlying growth rate from one month's figures.

In the three months to August, the amount of credit outstanding increased by £1.3bn, compared with £1.1bn in the previous three months.

New credit advanced to consumers, before taking account of repayments, hit a record £4.2bn in August. That compared with £3.3bn in July.

The DTI said that the figures reflected the strength of retail sales and the knock-on effect of buoyant car sales in August. The DTI said the value of retail sales in August was 10 per cent higher than in the corresponding month a year before.

Lloyds extends bank hours

By David Lascelles, Banking Editor

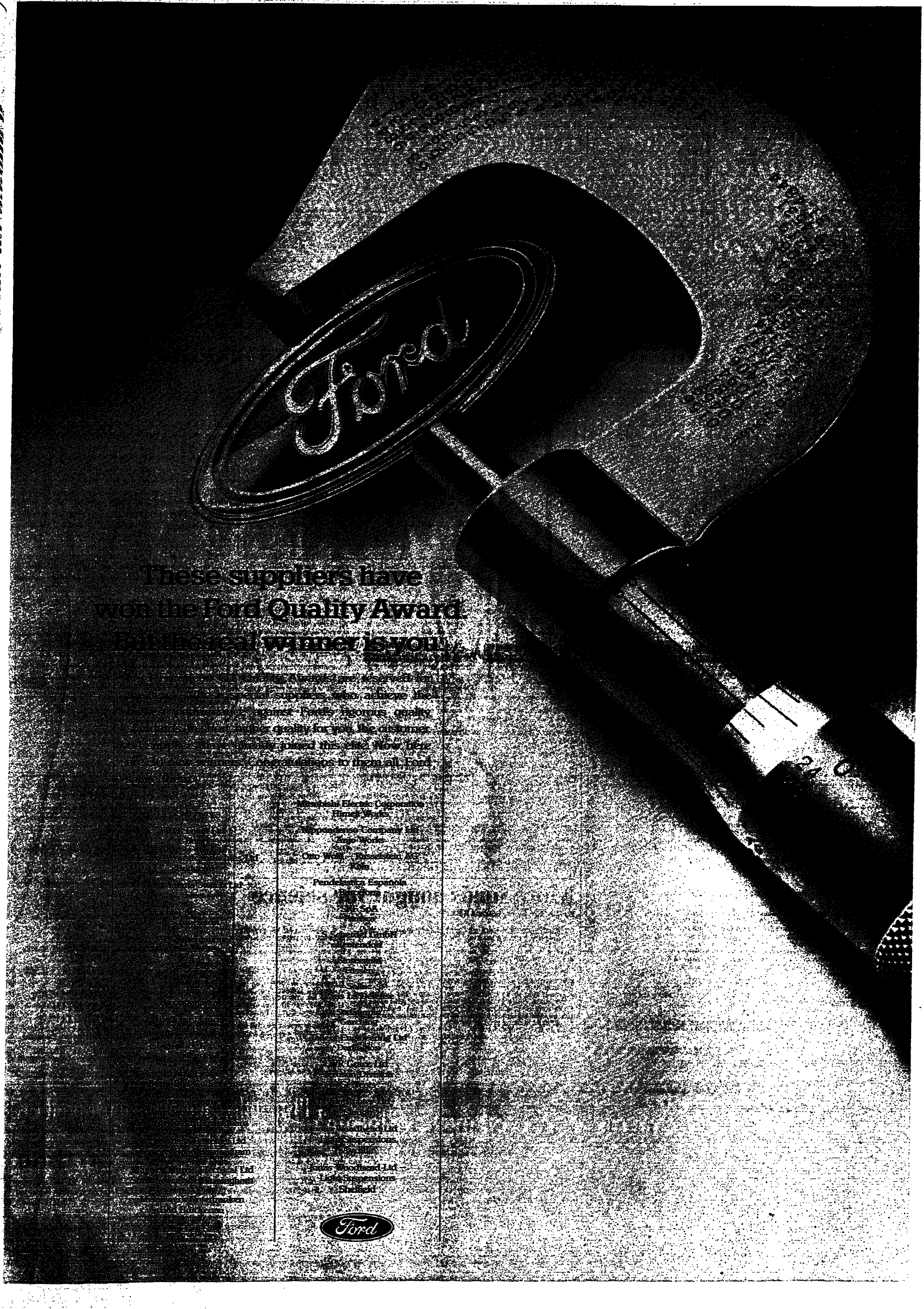
LLOYDS BANK is to lead the way to longer full service opening hours among Britain's banks.

In what it claimed was the first major extension of banking hours in 19 years, Lloyds announced yesterday that all its branches will stay open one hour longer – from 9.30am to 4.30pm, starting on October 17.

The move, which appeared to catch the other banks by surprise, also drew a sharp response from the Banking, Insurance and Finance Union (Bifu) which said it had not been consulted about the changes and was seeking urgent talks about them.

Lloyds' move applies to all its 2,200 branches, and covers the full range of normal banking services. Only the daily cut-off time for account entries of 3.30pm (3pm in the City of London) remains unchanged.

Although competitive pressures have been forcing the clearing banks to re-evaluate their opening hours, the timing of Lloyds' move found the other Big Four retail banks off guard yesterday. Some of them are, however, expected to follow Lloyds soon, although they may not extend hours at all their branches.


These suppliers have
won the Ford Quality Award.
But the real winner is you.
Awards are reserved for
special suppliers who achieve the
against Ford's rigorous quality
higher quality for you, the customer.
already joined this elite. Now here
Congratulations to them all. Ford
Otto Wolff – Rasselstein AG
Köln
Pendelastica Española
SKF SpA
S. Schenk GmbH
Light Suspensions
Jonas Woodhead Ltd –
Light Suspensions
Sheffield

UK NEWS

Soviets seek joint body on ecology with UK

By David Thomas, Education Correspondent, in Moscow

THE SOVIET Union wants to set up a joint Soviet-UK research institute on ecological problems in a move designed substantially to increase Anglo-Soviet scientific co-operation.

The surprise initiative came at a private meeting between Mr Konstantin Frolov, vice-president of the Soviet Academy of Sciences, and Mr Kenneth Baker, UK Education Secretary, who is in the Soviet Union on a week-long tour.

The Soviet proposal underlines the stress being placed on ecological matters by the Soviet Government after the Chernobyl disaster.

Mr Frolov took the initiative after the meeting by proposing a new ecological institute. "This could be stipulated as an agreement on a governmental level," he told Mr Baker.

Mr Frolov said that a full joint institute could allow British businessmen to become involved in the funding and exploitation of research.

Mr Frolov told Mr Baker that the greenhouse effect on the atmosphere, water pollution and nuclear safety were possible areas for joint collaboration. He suggested the two sides could work on the mathematical modelling of pollution in London and Moscow.

Mr Baker welcomed the Soviet initiative, but reacted cautiously to the idea of a joint institute. He suggested the first priority should be to improve relationships between individual scientists working on ecological problems, possibly by setting up specific programmes of joint research.

There are several exchange arrangements between British and Soviet scientists at present, but Mr Frolov's proposal would represent a significant boost to these.

Industrial nations face blame for climatic changes

Countries urged to reduce burning of coal for power

By Maurice Samuelson

INDUSTRIALISED countries were yesterday urged to cut coal consumption in order to minimise overheating of the earth's atmosphere.

A report by the Royal Institute of International Affairs suggested that instead they should switch to other forms of electricity production, including natural gas and nuclear power. The report was published under the institute's joint energy programme with the Policy Studies Institute.

It claimed that climatic changes were already "inevitable" because of the "greenhouse effect" of widespread emissions of carbon dioxide gases into the atmosphere. The warmer atmosphere was likely to raise sea levels and threaten low-lying regions in both industrialised and developing countries, requiring new or stronger coast defences, and causing economic problems for poorer countries.

Because of the greater vulnerability of less developed countries their populations would associate natural disasters with the "greenhouse effect" and increasingly blame it on pollution by industrialised countries.

As a result, Governments in the industrialised countries could no longer afford a policy of doing nothing on the grounds that scientific knowledge about the "greenhouse effect" was still accumulating.

This would be a particular problem for governments such as that of the UK, whose traditional reaction was to seek absolute scientific "proof" before taking action.

Last June, the Toronto Conference on the Changing Atmosphere proposed an interim measure of a 20 per cent cut in carbon dioxide emissions of the industrialised countries by the year2005 and a levy on their fossil fuel consumption.

However, since there was currently no technical method of reducing CO_2 emissions from existing plants, they would have to be controlled by reducing the use of fossil fuels.

This could be achieved by cutting energy demand by conservation and greater efficiency of energy use. Emissions could also be reduced by substituting natural gas for coal and oil as well as increased use of renewable energy sources and nuclear power.

The Greenhouse Effect: Issues for policy makers, by David Everest, Joint Energy Programme, RIIA, 10, St James's Square, London SW1Y 4LE; £10 (£2 only to educational institutions).

Britain trails neighbours in machine tools demand

Nick Garnett looks at a manufacturing barometer

BRITISH manufacturing industry registered the most severe decline in the consumption of machine tools among the main European countries during the early 1980s and recovery in the past few years has been by far the most feeble.

As a consumer of machine tools, a small but important barometer of industrial health and size, the UK has slipped behind Italy and France. West Germany kept its dominant position as the main European user of such equipment.

This is the main conclusion in a new set of comparative statistics prepared by the UK's Machine Tool Trades Association.

Consumption of metalworking machine tools in the UK fell apart in 1979. It dropped from just over £700m that year to £350m in 1981, in 1981 prices. After a small recovery, consumption slid again to about £310m in 1983.

Recovery in sales since then has been at little more than snail's pace. It picked up to about £476m in 1986, dropping marginally again last year.

Although this year will show an improvement, apparent consumption – measured as production, minus exports, plus imports – will still be less than £500m at 1981 prices.

The sharp fall in demand was caused by the main – and subsequent smaller – recessions which the UK underwent, together with a much higher rate of permanent factory closures in Britain compared with its European neighbours.

The recovery in capital expenditure on machine tools has also been poor compared with the main European industrial nations, and some emerging ones.

Between 1979 and last year, UK machine tool consumption rose about 10 per cent, measured in current sterling prices.

During the same period, consumption in France and Italy, measured in their own currencies, more than doubled; in West Germany it almost doubled.

Spain recorded the fastest growth, reflecting the country's increasing industrialisation and the strength of its motor industry in particular.

Purchases of machine tools in Spain ran at something like 15 to 20 per cent of the UK's in the late 1970s but now exceeds UK consumption by well over 50 per cent.

West Germany last year absorbed £2.87bn of machine tools, up from £2.2bn in 1986. This compares with £669m in the UK last year measured at current prices.

Although the jump for West German consumption was exaggerated by currency movements, it confirmed West Germany as by far Europe's biggest spender on this equipment.

This to helps put into perspective the more pessimistic views about the state of West German industry.

France last year absorbed £745m worth of machine tools, significantly above 1986 levels. Italy, though, recorded an enormous leap from £685m to more than £1bn.

The Italian figure was heavily distorted because of a one-off change in Italian tax incentives which artificially boosted sales in 1987. Sales this year will almost certainly fall.

Currency movements might also account for part of that dramatic increase.

Production of machine tools in Italy rose last year, but to nowhere near the extent recorded by the country's apparent consumption.

Nevertheless, these comparative figures underline the UK's relatively weak position. Machine tool sales are sensitive to the regime of capital consumption allowances and to stock market pressures on company balance sheets.

The UK machine tool manufacturing industry points to these factors as important reasons for the poor pick up in consumption since the low point of 1983.

One healthy trend has emerged, however in the purchase of machine tools in British industry.

More sophisticated computer-controlled equipment has become more important on UK factory floors.

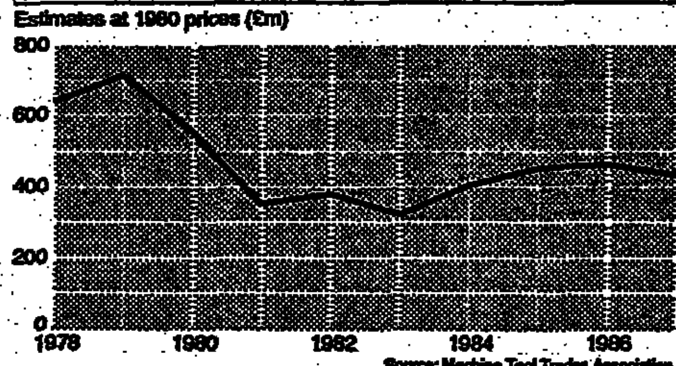
Only 18 per cent of machines purchased in Britain in 1978 had NC (numerical control). By 1981, this had risen to 42 per cent of sales.

It has remained roughly at that level since then though falling marginally to 35 per cent last year.

UK machine tool manufacturers have caught up with this trend.

UK Consumption of Machine Tools

Estimates at 1980 prices (£m)



Source: Machine Tool Trades Association

More funds sought for science

By David Fishlock, Science Editor

BRITISH scientists need at least a further £25m a year to support fully their programme in core science, according to the Science and Engineering Research Council.

The council wants to collaborate more closely with industry and involve it in its choice and appraisal of science projects.

Professor Brian Fender of Keele University, chairman of the council's science board, says: "Far too many good projects go unfunded; and others, even better, are under-funded."

Core science is the bedrock of academic science supported by the council, underpinning more applied research in advanced materials, electronics and biotechnology, for example.

Prof Fender, reporting on a new strategy for core science, says Britain is not spending enough on up-to-date equipment and in areas of science where Britain leads the world.

He says the difficulties are not because his board has failed to be selective about projects or been unwilling to adopt new management methods.

The science board wants to strengthen its links with industry in several ways, including greater industrial membership of its committees and the holding of some of its meetings at industrial research centres.

It also plans to consult industry in setting research priorities and to involve industrialists in the review and evaluation of its research.

It has set up an industrial liaison unit at its Daresbury Laboratory in Cheshire, to encourage greater industrial use of its synchrotron radiation source in materials research and chemical synthesis.

A similar unit is planned for its Rutherford Appleton Laboratory near Oxford.

A Strategy for the Support of Core Science, SERC, Polaris House, North Star Avenue, Swindon SN2 1ET: Free.

Sime Darby

Sime Darby Berhad

NOTICE OF MEETING

NOTICE IS HEREBY GIVEN that the Tenth Annual General Meeting of Sime Darby Berhad will be held at the Ballroom Anteroom, Kuala Lumpur Hilton, Jalan Sultan Ismail, 50718 Kuala Lumpur, Malaysia on Saturday, 29th October 1988 at 11.30 a.m. for the following purposes:—

To receive and adopt the Directors' Report and the Accounts for the year ended 30th June 1988 and the Auditors' Report thereon (Resolution 1)

To declare a final dividend for the year ended 30th June 1988 (Resolution 2)

To elect the following Directors:—

Anand Panyarachun (Resolution 3)

Dr Chan Chin Cheung (Resolution 4)

Tan Sri Nasruddin bin Mohamed (Resolution 5)

To consider and, if thought fit, pass the following Resolution as a Special Resolution pursuant to Section 129(6) of the Companies Act, 1965:—

"That pursuant to Section 129(6) of the Companies Act, 1965 YAB Tun Ismail bin Mohamed Ali be re-appointed Director of the Company to hold office until the conclusion of the next Annual General Meeting" (Resolution 6)

To re-appoint Price Waterhouse as auditors of the Company and to authorise the Directors to fix their remuneration (Resolution 7)

SPECIAL BUSINESS

To consider and if thought fit, pass the following Resolution as an Ordinary Resolution:—

"That, in accordance with Section 132E of the Companies Act, 1965, authority be and is hereby given to the Directors of the Company or any person connected with such Directors to enter into arrangements or transactions with the Company or its related corporations whereby such Directors or connected persons may acquire from or dispose to the Company or its related corporations motor vehicles, heavy equipment, houses or any other products of the Company or its related corporations provided that such acquisition or disposal are on commercial terms." (Resolution 8)

By Order of the Board
Mohamed Haji Said
Secretary

Kuala Lumpur
4th October 1988

Note
Any member of the Company entitled to attend and vote at this meeting is also entitled to appoint one or more proxies to attend and vote in his stead. A proxy need not be a member of the Company.

UK NEWS

In Brief

Suppliers of vaccine set for major sales boost

SUPPLIERS of vaccines hope to gain a £5m-a-year boost from today as a result of new health regulations, writes Peter Marsh.

The rule change is expected to encourage more parents to immunise their children against common and sometimes dangerous illnesses. From today, mumps and rubella (German measles) become notifiable diseases – which should enable the Health Department to monitor them more. At the same time the department will encourage the use of triple-shot vaccines.

Smith Kline & French Laboratories, the US pharmaceutical company, has already launched its Belgian-made triple-shot vaccine in the UK. It has sold the Health Department 1m doses, worth roughly £4m.

Other companies, including Merck of the US, Merrieux of France and Britain's Wellcome and Evans Medical, are expected to make their own versions of the vaccines available within the next few months.

BR extends line sale

British Rail has given potential purchasers of the historic Settle-Carlisle railway in north-west England an extra month to prepare bids. If successful the 71-mile line privatisation will be the first on the British mainland. Lazard Brothers, the merchant bank handling the sale, said the extension would give would-be buyers more time. The Government announced the sale in May.

Japan's record gift

DAIWA Securities, Japan's second largest securities house, has set aside £10m for the establishment of an educational trust to further understanding between Japan and the UK. Activities could include sponsorship of courses, conferences, lectures, plays, films and the award of scholarships.

Secretaries move up

The Fellowship of Skilled Secretaries was launched yesterday with the aim of establishing professional status for the secretary. It aims to provide its members with information, advice and training designed to help them improve their career prospects.

New ombudsman

Dr Julian Farrand, currently a Law Commissioner, is to be the next Insurance Ombudsman in succession to Mr James Haswell, who retires from the post at the end of next January. The Bureau provides an independent service for disputes between member insurance companies and the public.

Saatchi expands

Saatchi & Saatchi set out to capture a major share of the £7bn European business communications market with the establishment in the UK of Saatchi & Saatchi Business Communications. It plans to extend operations to Milan and Amsterdam by the end of the year. The network already includes Stockholm, Paris, Geneva and Frankfurt.

Alcohol campaign

Brewers are to spend £15m promoting low-alcohol and alcohol-free beers as part of a campaign to curb drink-driving and under-age drinking. Sales of low-alcohol and alcohol-free beers top 500,000 bottles and cans a day and are expected to double in a year.

East End fillip

A £500,000 package of public and private sector support for small businesses in London's East End has been announced. The money has come from Morgan Grenfell, a merchant bank, to mark its 150th anniversary, and from the government's Spitalfields Task Force and the London City Action Team.

Less factory space

Less factory and warehouse space in England and Wales is available than at any time since 1980. The total of premises available for purchase or lease is half that on the market in 1983, when industry felt the full effects of recession. The figures, from a survey undertaken once every four months by King and Co, chartered surveyors, bear out the relatively optimistic portrayal of UK industrial activity from the Confederation of British Industry.

Ford UK top of European profit growth league

By Richard Donkin

FORD UK is the company with the fastest profit growth in Europe, according to a list of Europe's top 100 companies published in Director magazine yesterday.

The Ford profit increase of 190 per cent pushed it 14 places up the rankings on last year – the first time the magazine carried out the exercise – making it Europe's 51st largest company.

The UK has six companies in the top 10 in the profit growth league. These include British Petroleum, the Electricity Council, Allied Lyons, Hanson and the Dee Corporation (now Gateway), the food group.

Hanson, the UK conglomerate, is the highest climber in the Director European 100 chart, which lists companies on the size of their turnover, based mainly on 1987 returns. It jumped from 69th place in the list to 36th, on the strength of its acquisitions of Imperial Group, SCM and Kaiser Cement.

West Germany remains the strongest member of the country index, with 31 companies on the list, followed by Britain with 24 and France with 21. The other nine European Community countries account for the remaining 24.

The Shell group occupies the top position, with a turnover of nearly £60bn. British Petroleum is second on a turnover just short of £35bn, and Daimler-Benz of West Germany is third, turning over nearly £23bn.

Compagnie Générale d'Electricité, of France, tops the sales growth rankings (see table), with Hanson and British Aerospace in second and third place. Six British companies are in the sales growth top 10.

The chemicals and pharmaceutical sales table was led by BASF, the West Germany chemicals group, and included only one British Company, ICI, the chemicals company, in the top 10. Carrefour, the French hypermarkets group, led the sales list for retail companies.

The highest entrant to the top 10 was Siemens, the West German electronics group, in fifth place, although its profits of £884m were dwarfed by British Telecom in 24th place on turnover, but with the third largest profits at £2,067m.

The list showed that the leadiang oil companies continued to suffer in terms of turnover, as a result of price competition at the petrol pumps and the relatively low price of oil in US dollars.

TOP 10 EUROPEAN COMPANIES BY SALES GROWTH

	Sales growth (%)	Year
Générale D'Electricité (France)	57.55	1987
Hanson (UK)	54.96	1987
British Aerospace (UK)	29.90	1987
Preussag (W Germany)	28.86	1987
Allied Lyons (UK)	28.29	1987-88
Electrolux (Sweden)	27.01	1987
J Sainsbury (UK)	24.23	1987-88
Statoil (Norway)	23.00	1987
Dee Corporation (UK)	20.71	1987
Ford Motor Co (UK)	19.14	1987

Source: Director magazine

Volvo adds 100 jobs at Scottish plant

By John Griffiths

VOLVO'S UK truck-making subsidiary has added 100 jobs at its assembly plant at Irvine, near Glasgow, to lift its annual output rate to 4,500 vehicles from 2,900.

Productivity has increased from nine trucks per man-year to 16 as a result of £1.5m investment to expand the plant, which is already working at its new capacity level, according to Mr Bernt Brandtzaeg, managing director of Volvo Trucks (GB).

Speaking at a drive-off ceremony for the first of a recently unveiled heavy truck range being built at the Scottish plant, Mr Brandtzaeg said the plant was on target to produce its 20,000th truck at the turn of the year. Volvo came to Irvine in 1974.

The Irvine workforce stands at 370 after the capacity increase, which is being achieved on a single shift.

Volvo is also competing for a military truck contract which it estimates could add up to another 120 jobs if its tender were successful.

This is for a four-tonne payload truck for the UK armed forces, entailing the supply of up to 6,000 units in the first three years. However, Volvo accepts that its entry, the Highlander, is facing stiff competition from rivals such as AWD, formerly Bedford.

Irvine is primarily an assembly plant. UK content of the vehicles averages 40 per cent if the plant's overheads are included and between 25 and 30 per cent measured by components only.

Mitsubishi and NEI in deal on gas turbines

By Nick Garnett

NORTHERN Engineering Industries, the power station equipment maker and general engineering group has agreed a trading deal with Mitsubishi to market the Japanese company's gas turbines.

This arrangement is one of several NEI has entered into this year with separate companies within the Mitsubishi group in both power engineering and railway equipment.

The Newcastle-based company makes only steam turbines and not the gas turbines suitable for smaller combined cycle power stations, which look to have a bright future.

NEI will import the shell of the Mitsubishi gas turbine and add its own controls, and its own generators, in any contract it secures for these smaller stations.

The increasing web of links between NEI and Mitsubishi, which is trying to get a manufacturing foothold in Europe, has prompted some industry analysts to suggest that NEI is becoming a licencee producer of Japanese products, to the detriment of its own technology.

Mr Terry Harrison, NEI's chairman and chief executive strongly denied this yesterday. He said recent joint deals with Mitsubishi, and with Combustion Engineering of the US, were designed to strengthen NEI's technological base and marketing opportunities.

NEI has signed two deals with Mitsubishi Electric (Melco). One involves NEI manufacturing under licence Mitsubishi mid-range switchgear in the 130KV to 245 KV range.

The other involves the setting up of a 50-50 joint venture company, NEI Mitsubishi Electric Traction. This will manufacture in the UK some types of Mitsubishi traction equipment, including electric motors for light railways and auxilliary power supplies for railway coaches.

The British company recently won a turbine order for Hong Hong in a consortium lead by Mitsubishi Heavy Industries.

NEI this year sold 35 per cent of its Derby-based International Combustion boiler-making business to Combustion Engineering for £13m.

Mr Harrison said yesterday that the deal with Combustion Engineering, for which NEI has been a long time licencee manufacturer, gave NEI extra project capability and strengthened its technological link with the US company.

The deals with Mitsubishi helped take NEI into new product and market areas. This included traction equipment which NEI had tied for some time to get into. NEI already makes electric motors but only for industrial applications.

The marketing of Mitsubishi gas turbines would allow NEI to compete for contracts for small power stations, Mr Harrison said.

TECHNOLOGY

ICL oils the wheels with help from a vehicle of progress

Clive Cookson explains how the UK's largest computer manufacturing company has brought about a dramatic improvement in productivity

An AGV passes the Apollo line at ICL's Ashton plant

Computer factories are rarely showcases of computerised manufacturing. They are less suitable for ambitious factory automation projects than, say, car assembly plants or large paper mills, because computerised lines work best for the production of large amounts of cheap products. Computers are the opposite – expensive, frequently modified and manufactured in relatively small volumes.

Most of the detailed assembly work at large computer factories is done by human operators with screwdrivers and soldering irons. However ICL, the largest UK computer manufacturer, has shown that a relatively modest investment in automating the flow of materials around a factory can produce spectacular improvements in efficiency.

Since 1985 the company has spent £2.2m introducing flexible manufacturing systems (FMS) to its Ashton-under-Lyne factory in Greater Manchester, which produces mainframe and minicomputers worth £200m a year.

Unmanned electric trolleys, known as automated guided vehicles (AGVs), carry boxes of parts, sub-assemblies and completed units between the stores, assembly benches, inspection and testing stations. Everything is marked with an individual bar code which is scanned automatically as it moves around to enable the factory computers to keep track of all the materials.

In the early 1980s, the Ashton plant was scorned throughout the industry for its low productivity and poor staff morale. It is now a showcase both of computerised manufacturing and of modern management techniques. Since 1985, output per employee has doubled and other measurements of efficiency, such as stock turnover, have improved dramatically.

Because materials now represent 85 per cent of Ashton's manufacturing costs, the factory has been organised on the "just in time" principle, so that materials arrive at each cell when they are needed and inventories are kept at the lowest possible level.

Ashton has a computer-controlled "cascade" of flexible manufacturing cells. The flow is determined by the speed at which orders from customers remove finished computers from the final test/despatch cell. This pulls in materials from earlier cells.

ICL managers use a variety of "key measures" to assess their manufacturing. For example, the Ashton factory turned over its stock five times in 1985, 12 times in 1987 and expects to achieve 20 times next year. Direct labour now accounts for less than three per cent of the factory's costs.

Similar computerisation programmes are under way at ICL's other two UK factories – in Staffordshire for printed circuit boards and Hertfordshire, for visual display units and workstations.

"ICL's total inventory has been reduced from £226m to £138m in three years and we plan to cut out a further £30m over the next two years," says Rod Powell, the manufacturing director.

He claims that service to customers is also improving. ICL takes an average of two to three weeks to supply a computer system after receiving a firm order, while its seven main competitors take between eight and 12 weeks, according to a recent study carried out for the company by IDC, an independent consultancy.

The proportion of ICL computers delivered on time has increased from 60 per cent in 1985 to 90 per cent this year, he says, and the hardware is becoming more reliable and requires fewer visits from maintenance engineers.

Visitors to Ashton who remember the factory during the crisis period of the early 1980s say that the change in management attitudes has been as striking as the automation. Managers pursue ICL's official Quality Improvement Process with Japanese-style slogans (Right First Time is a favourite) and campaigns.

For example, on September 9, Zero Defect Day, all 500 Ashton employees signed a pledge to reduce the number of defects in their work. This is now proudly displayed at the entrance to the manufacturing area, together with a photograph of the workforce taken at the signing ceremony.

All sections have boards measuring their contributions to the Quality Improvement Process. Employees are urged to fill in an Error Cause Removal Form if they spot potential problems; 161 forms have been completed in the past six months and in 91 cases effective action has been taken.

At the same time the management has tried to remove the traditional "them and us" feelings by abolishing the distinction between hourly paid workers and salaried staff. Everyone is now "staff" and the managers have given up their reserved parking spaces and executive toilets.

More significantly, a proper career structure and training programme has been introduced. The average number of days devoted to training off the job has risen from a pitiful 0.5 days per Ashton employee in 1985 to 6.4 days per head this year and a target of 8.5 days in 1989.

ICL plans to spend a further £2.2m over the next two years extending Ashton's automated materials handling system. But Powell says robots will not take over the detailed assembly work in the foreseeable future. "Even the Japanese mainframe manufacturers have not identified opportunities for robotics."

Sweet sound of flexible manufacturing

ASHTON'S first flexible manufacturing system (FMS), known as Mercury, was installed in 1985 to build and test some of ICL's Series 39 mainframe computers. It is centred on a robotic crane, which runs between two rows of racks 4m high, 3m wide and 70m long.

Computers are assembled on one side of the line and tested on the other. The crane feeds components to the assembly stations and transfers completed cabinets to the test cells.

The second FMS, Apollo, is a sub-assembly area producing electronic units for inclusion in System 25 minicomputers and Series 39 mainframes. The component and raw materials store has been re-equipped with automated handling equipment, including conveyors and an elevator. This is used to fill 0.5 cu m boxes with components.

Five automated guided vehicles (AGVs), built in Sweden by Munck Automation Technology, move the boxes and completed sub-assemblies around the factory. Three small AGVs (1.4m long, 0.8m wide and 0.8m high) work within the Apollo area.

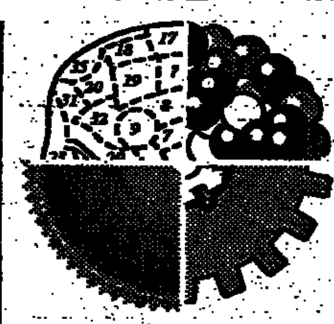
They transfer the component-filled boxes first to a carousel-type holding store and then, when an operator indicates on her (they are all women) workbench computer terminal that she needs new materials, to any of Apollo's 36 assembly stations. They also carry completed sub-assemblies to the inspection area and return empty boxes to the component store.

Two larger AGVs (measuring 2m x 0.8m x 0.8m and able to carry loads up to 300kg) carry raw materials and sub-assemblies to the Mercury line and take away fully tested computers. They glide round the factory at one metre per second, playing 1940s big band dance music to warn people to keep out of their way.

The small AGVs travel at only half a metre per second emitting a feeble electronic warbling sound. The noise is so unobtrusive that a journalist visiting Ashton recently failed to notice an AGV heading for him until it collided with his leg. Fortunately the vehicle's safety system ensured that he was only startled and not injured.

An ultrasonic sensor in front of the AGV slows it down as it approaches an obstruction, and its rubber bumper contains optical fibres which distort when there is a collision and signal the motor to stop. A few seconds after the journalist removed himself from the AGV's path, it warbled off to collect its next box of parts.

The AGVs are guided by radio-frequency communication from wires buried under the oatmeal-coloured linoleum which covers the factory floor. Their control systems are made for Munck by NDC, another Swedish company. "The NDC system is the closest we have to an industrial standard for AGVs," says Stefan Karlsson of Munck — 15 other AGV manufacturers use NDC controls.



WORTH WATCHING
Edited by Geoffrey Charlish

A concrete improvement

A METHOD used in Sweden for laying concrete floors, in which some of the water is removed after laying, is to be promoted elsewhere in Europe, particularly in the south where conventional methods predominate. It is claimed the floors are cheaper to lay and last three or four times as long.

Tremix, of Skärholmen, says its technique increases the compressive strength of the concrete by 50 per cent and that it can be walked on immediately. In addition, after one week the load bearing strength is said to be the same as that of a conventional floor after four weeks. Heavy factory equipment, for example, can be installed at an earlier stage.

A wetter mix than usual can be laid, making the operation easier. Then a big rectangular suction mat is positioned on the surface and connected to a vacuum pump. Suction is applied for about 1.5 minutes for each centimetre of concrete thickness and 20 to 25 per cent of the water is removed.

Another advantage, explains Tremix, is that the treatment produces a lower and more even water content, which tends to equalise the compressive strength throughout the thickness. Normally, concrete sets with uneven compressive strength through its depth, with the weakest layers near the surface.

The company expects a production capacity of between 300 and 400 sq m of finished flooring per eight-hour shift, with a five-man work team and all the necessary equipment.

Greenhouses for the Arctic

BAYER, the West German chemical group, is co-operating with Gosagroprom, the Soviet Union's agricultural agency, in trials with special greenhouses which could make it possible to grow two vegetable crops a year inside the Arctic circle.

Four fully equipped pilot greenhouses have been erected on sites near Moscow, Leningrad, Murmansk and Sotchi.

To keep the heat in, they are constructed with Bayer's twin wall sheets of Makrolon polycarbonate. These double glazing units are made by a co-extrusion process, in which the two sheets are simultaneously extruded and joined.

Heating costs are reduced to 50 per cent of conventional glazing, says Bayer. The sheeting also weighs less compared with glass and is shatter-resistant.

In addition, a proprietary anti-condensation coating from another West German company, Rohm, on the inside surface, is said to allow in more light.

Speeding up the data rate

PHILIPS, at Eindhoven in The Netherlands, is about to start production of a new telecommunications fibre which, the company says, can double the amount of information that can be transmitted compared with existing single mode fibre.

When digitised information is sent down a fibre as a series of short light pulses, an optical property of the glass, called dispersion, stretches each pulse. This limits the number that can be sent per second and so restricts the data flow.

The new Philips fibre is called "dispersion flattened single mode" (DFSM) and produces much less dispersion over a wider segment of the visible spectrum.

Previously, low dispersion was obtainable only at or near one specific wavelength (colour). The new fibre can accommodate two of the commonly used laser wavelengths at the same time.

The company believes the fibre will also allow cheaper laser light sources to be used, because the wavelengths of the light they produce do not have to be so well defined.

In production, thousands of separate layers are deposited on the inside of a silica "pre-form" tube in an accurately controlled way. A powerful microwave generator, acting as a mobile oven, passes back and forth along the length of the tube, which contains compounds of silicon and other elements. These form a plasma (very hot gas cloud) inside the tube, from which the air has been removed.

With each passage of the generator, a new layer of glass is added. In this way, the properties of the glass across the tube wall thickness can be accurately controlled, giving the required dispersion characteristics.

Later, the tube is heated, collapsed into a rod and pulled out into a fibre.

Gilding the crockery

FOR PORCELAIN decoration, the West German process and materials company, Degussa, has developed a bright gold preparation which can be fired at higher temperatures than present materials, producing patterns which are more resistant to abrasion and dish washer detergents.

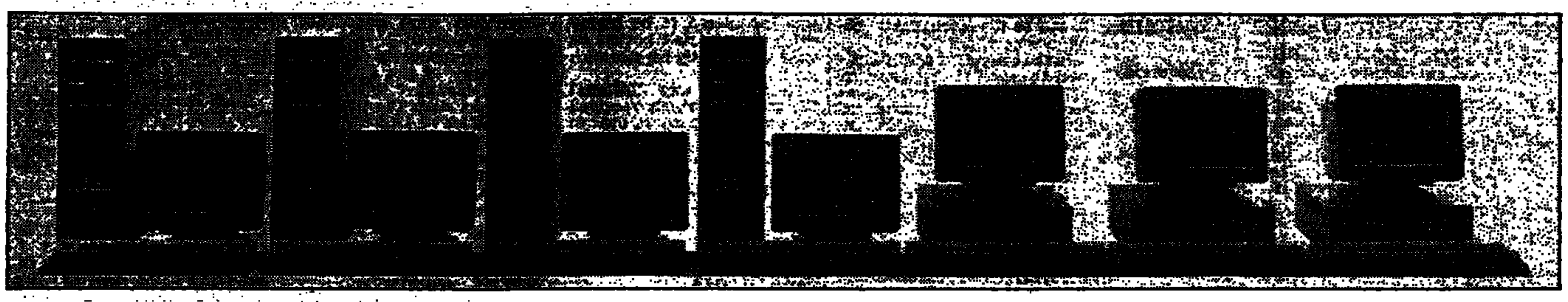
The Frankfurt company says that until now it has been impossible to produce bright gold layers at temperatures above the melting point of gold (1063 deg C). The new preparation is fired for about an hour at 1160 to 1180 deg C and the resulting bond between the gold and porcelain glaze beneath it is as strong as with Degussa's normal glazed colours.

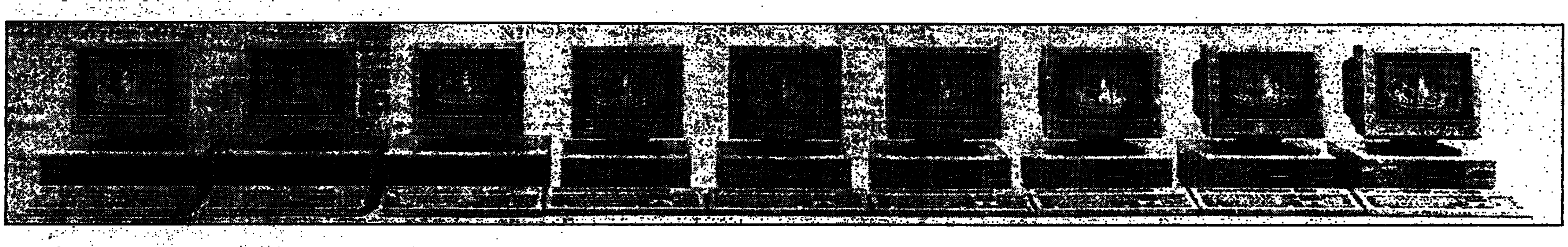
Called GG 817/10, the process means that hotel crockery, used everyday, can be decorated with gold that will not deteriorate more quickly than the colours.

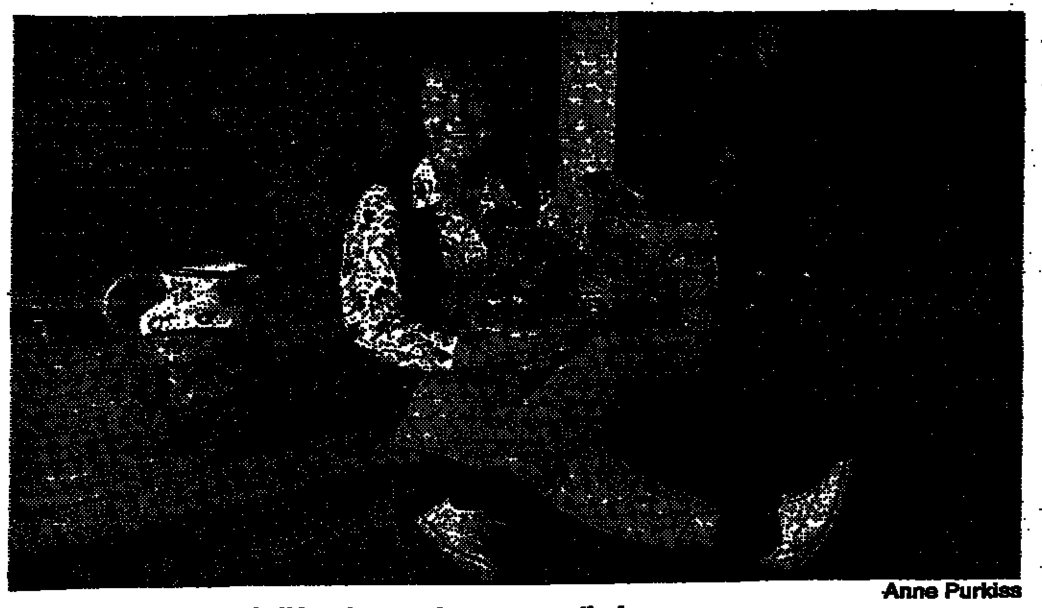
For porcelain manufacturers, the new process has the advantage that gold and coloured decor can be combined successfully in a single firing.

Degussa says it has investigated and confirmed the qualities of the new process with a comprehensive series of tests under controlled conditions in the rapid firing kilns of the Riedhammer and Coudamy porcelain companies.

CONTACTS: Tremix: Sweden, 8 970110. Bayer: UK office, 0635 39000. Philips: The Netherlands, 40 757319. Degussa: West Germany, 69 218 2860.







Anne Purkiss

Kate Malone: less than half her time can be spent creatively

The art of business

Crafts students develop particularly commercial skills — but are taught little about selling them, reports Charles Batchelor

Kate Malone spent seven years at Bristol Polytechnic and London's Royal College of Art training to be a ceramics designer. In all that time, she says, only a few hours were spent learning the business skills she now needs to develop the studio she runs under a railway arch in south London.

Apart from designing and making the ceramics pieces which sell for between £500 and £1,000 each she spends more than half her time writing letters, chasing commissions and delivering large, fragile items of pottery to galleries around London.

She is also attempting to sell her designs on a royalty basis to manufacturers of chinaware but finds many of the large companies content to reproduce long-established designs and unwilling to experiment with something new.

Malone's experience is typical of many of the thousands of students who leave Britain's colleges of arts, design and crafts each year. They go into a highly competitive market with minimal business skills and frequently struggle to establish themselves.

"Design-based businesses have good potential for success," says John Crowe, a consultant in design management. "Designers tend to be highly motivated and to have a good idea of a product. They won't employ many people but they can have quite an impact on industries such as textiles."

In fact, while the conventional view of the artist at work is of a one-person business, many do go on to employ others. Megan Douglas, a fashion-designer with a rapidly-expanding business in south London, employs three people full-time drafting and cutting patterns and making up samples. She has a further five people making her designs.

Chris Blade, who has started a business making, among other things, granite-legged, glass-topped tables selling for up to £2,500, says: "I can't see myself being a one-person business for long. Maybe in a year or two I will employ a couple of people to help with the hard graft."

Despite the problems they face in starting up, artists and designers do have some advantages over other small businesses. Their training will have given them a skill they can sell while they may have already exhibited and sold some of their creations as students, says Helen Vaughan, who teaches business skills to artists and designers.

The visual impact of their work means there is a good chance they will be featured in the glossy magazines and newspapers. This exposes their work to a wider audience than many more humdrum small businesses could hope to reach.

But set alongside these bonuses is a considerable number of obstacles. Many artists and designers echo Kate Malone's complaint about the lack of business training in college. While their creative training make them ideally equipped to set up on their own, business skills are taught sporadically, if at all, and the students themselves see little purpose in acquiring them.

"Many courses focus on the theoretical and technical aspects of arts and crafts and assume that the skills and techniques of business will be assimilated painlessly and naturally," says John Crowe. "It is more probable they will be acquired slowly, painfully and expensively as a result of unpleasant experience."

There has been some improvement in recent years, says Crowe, though the number of available courses in the UK could still be quadrupled if enough qualified trainers could be found.

The general lack of business training has prompted a number of organisations to launch specialised courses. The London Enterprise Agency runs a 14-week Design Enterprise Programme to teach small business management to arts and design graduates. The Wales Craft Council earlier this year launched a Craft Initiative to provide business advice and information while the Welsh Development Agency is building a small number of workshops for design-based businesses.

Finding premises is a problem for all small firms though some design businesses have special needs. A textile printer, looking for space for a 12-metre-long printing table, would not fit in the standard small workshop.

Most craft businesses require specialised equipment. A pottery kiln might cost £6,000 while a weaver could spend £7,000 on a loom. Chris Blade reckons he has cut his equipment costs from £8,000 to £2,500 by making many of his drilling and grinding tools himself.

Preparing a brochure and samples to send to prospective customers is a large expense. Blade says it will cost him £200 or more to produce a reasonable brochure. At the other end of the scale Stuart McDonnell, joint founder of The Plan, a textile and furniture design consultancy, puts the cost of fabric samples, photography and literature for his business at £10,000 to £15,000.

Raw materials costs are also high for the young design business and it is increasingly difficult to buy small quantities, says John Crowe. Textile designers are unable to buy small amounts of dyes but have to pay £200 for five-kilo drums.

Students are not made aware of the costs of the materials they are using because they are usually available free and in unlimited quantities. When one student costed the materials used for her degree show she realised they were worth £3,000, recalls Helen Vaughan.

"Art and design students do have a propensity to do things in a complicated way because they get interested in the process," says Crowe. "They must simplify things."

It is this approach which leads bankers to dismiss arts and design students as being uncommercial. "They see success in terms of artistic achievement and the outlets they get into, such as Liberty and Harrods, rather than in terms of their profit at the end of the year," says Vaughan.

They also tend to offer the market what they think it wants rather than adapt their products to the market. Robin Stewart started out in the early 1970s designing hand-printed wall-paper. Unfortunately he began in the middle of a recession when interior designers were cutting back on the frills. Demand stagnated and he put the business into voluntary liquidation.

Attached though he was to the wallpaper venture, Stewart had to modify his ideas to the realities of the market place. He started again, designing mirrors and other small furniture items, and now sells nearly £3m worth a year to several large retailing chains. He employs a workforce of 12 at his east London factory.

One of the biggest problems facing the artist and designer is how to divide his or her time between creating new products and going out and selling them. Megan Douglas estimates she spends 70 per cent of her time organising sales, arranging finance, planning ahead and doing the bookwork.

"The problem with a craft manufacturer is that people want to buy direct," says John Crowe. "Gift shops and galleries want to see the person who has made it, not an agent. It can be time-consuming selling two pots."

In the early days of any business the owner is keen to earn as much cash as possible to pay off his initial investment and cover overheads. In the design field this often leads to people selling their ideas outright to a manufacturer.

If they can afford to wait for their money they would be better advised to negotiate a royalty agreement. "Rather than accept £100 for a design you could set a lower fee and make thousands of pounds on a royalty agreement," says Helen Vaughan.

Kate Malone has been trying to reach this sort of agreement with chinaware manufacturers in Stoke on Trent. One company was willing to back her designs but after it was taken over by another group interest faded and she is now trying to negotiate a deal with another, smaller company.

If the young arts and design business can survive the obstacles and define where it wants to go, prospects should be good. The demand for hand-made craft articles has increased enormously over the past 10-15 years, says John Crowe.

Contact LEntA, 4 Snow Hill, London EC1A 2BS. Tel 01 236 3000. Welsh Craft Council, 20 Severn Street, Welshpool, Powys. Tel 0938 5318. Useful Reading: Art, Design and Craft, J Crowe and J. Stokes. 200 pages £5.95 Published by Edward Arnold.

A brickbat for the banks

By Charles Batchelor

Further criticism of the way the big banks treat their small business customers emerges in a recently published report entitled Clearing Banks: Do they earn their keep?

The report*, included in What to Buy for Business magazine follows a critical review of banking services to small businesses published last month by the Forum of Private Business.

The new report analyses the level of service provided by the four large UK clearing banks and the Royal Bank of Scotland in terms of efficiency, helpful attitude, understanding of the client's business and the reasonableness of bank charges.

Small business people polled by the magazine gave Royal Bank of Scotland the best rating in virtually every category, usually by an impressive margin, the report says. The bank was considered to be highly efficient and small businesses were significantly happier with its charges.

Next best was National Westminster which received consistently strong ratings in all categories while Lloyds, Barclays and Midland all emerged with rather mediocre results, the report adds.

"Somewhere along the line, banks seem to have confused the provision of a service with the provision of a favour," the report says. "The result is that the customer often gets treated in a way which would be totally unacceptable in any normal business relationship."

Small business people polled complained that they were not invoiced for charges. Some respondents complained that unforseen charges had led to them running up overdrafts.

A major complaint was the banks' practice of charging the innocent recipient when a cheque bounced rather than the writer of the cheque.

Small business people also questioned why cheques were debited immediately yet it took three days to credit the recipient's account. They also complained that bank managers made virtually no attempt to assess whether a proposal put to them made commercial sense but were concerned solely with security.

Many respondents felt that the quality of the individual branch manager was more important than the name of the bank for which he worked. A large number had stayed with their bank manager when he moved from one branch to another.

Many felt branch managers needed better training though others noted an improvement. Another positive note was that managers seemed to be liaising with their customers more effectively. A number reported visits from their bank manager to discuss their business and sort out problems.

But even when a bank manager was efficient his junior staff frequently made mistakes. A major theme reported by the survey was the frustration and waste of time in making a bank correct small mistakes it had made.

The survey picks up one of the themes of the earlier Forum report, that British banks may face tougher competition from continental banks in future. It quotes a Danish importing company comparing the poor level of service it got from its British bank compared with that provided by its London-based Danish counterpart.

** In issue number 89 dated August 31: 10 issues £59.50. 11 Kings Road, London SW3 4RP. Tel 01 730 0403.*

Small Business and Banks: A Two Nation Perspective. £75. The Forum of Private Business, Ruskin Chambers, Drury Lane, Knutsford, Cheshire, WA16 6HA. Tel 0565 4467.

Call for national advice network

The Association of Independent Businesses has called for the creation of a nationwide network of business advice bureaux to bring together the existing, competing sources of small business advice.

The proposal, modelled on citizens' advice bureaux, is outlined in Tackling Inner Cities*, a report on the problems facing inner city businesses published last month.

The association, which has 5,000 members, wants the business advice bureaux to be based on high streets and to remain open in the evenings so that local businessmen have easy access to advice and information.

The report also calls for measures to ensure that affordable insurance cover is available in high crime areas; the report's authors maintain that the special schemes that have already been launched have not been effective.

It calls for ethnic minority businessmen to be more closely integrated into the business community; they should join general business lobby groups rather than set up parallel organisations of their own. They should be given better access to civil servants and politicians, it says.

The association also urges local authorities to make greater efforts to encourage small firms to tender for public sector contracts. **Available from AIB, Trowbray House, 108 Weston Street, London SE1 3QB. Tel 01-403 4066. £4.95.*

Prize students

An original and commercially viable business idea could win a student or group of students (including sixth-formers) a first prize of £2,000 in the fourth annual Innovation for Business Award.

Previous finalists have invented an entryphone system, a reverse gear for a motorcycle and a method of breeding rag worms for anglers. A total of £4,500 in prize money is on offer.

Contact Adrian Black, Tate & Lyle, Sugar Quay, Lower Thames Street, London EC3. Tel 01 626 6525.

Euro needs

A one-day conference focusing on the needs and problems of small and medium sized firms trading in Europe will be held at the Humberside Business School, Hull on Thursday, October 13.

The conference, In Business, In Europe, costs £25 and will include evening workshops on subjects such as customs planning and export documentation.

Contact Dr Jill Preston, Humberside Business School, Cottingham Road, Hull HU6 7RT. Tel 0482 41451.

BUSINESS OPPORTUNITIES

DEVELOPMENT CAPITAL

Appleton Holdings Plc wishes to hear from profitable private companies requiring capital to realise their full potential.

Tel: Roderick Gordon 01-748 9020

FINANCE YOUR STOCK

We offer a unique stock finance facility to manufacturers and merchants and are seeking to expand our client base.

If you require stock finance please apply in writing to:

Churchill Merchanting Limited, 136 Buckingham Palace Road, LONDON SW1W 9SA Telephone: 01-730 8428

International M & A Boutique, London offers freesharing arrangement, part time of fulltime.

We have captive clients through our marketing consultancy. You bring accountancy-type background, + solid U.K. deal experience, + ideally understanding German. Contact in confidence

Dr. Lottitz, Capital Partners International, 250 King's Road, London SW3 5UE. 01 [illegible]

U.S. MARKETING/ WAREHOUSING/ DISTRIBUTION

Aggressive distributor of specialitybuilding materials could be your U.S. base of operations. Warehouse space in two major southeastern U.S. markets, effective sales force, large customer base. Willing to explore all possibilities.

Energy & Accent Products, Inc. P.O. Box 5120, Burlington, N.C. 27216 or call 919-226-1991 (USA)

'£30,000' required

A proven high Tech Global information company with tested product is seeking further capital for expansion overseas.

An experienced hands-on investor is sought and equity offered.

Contact the advertiser: Fax 0983 4704, Ref EAP

MORTGAGES

On Commercial & Industrial Properties at prime rates 5/10 years. Interest only. Minimum loan £250,000.

Apply to: HIRSCH Europe's leading Finance Consultants HIRSCH INT (Financial Services) LTD 15 Berkeley Street, W1 Tel: 01-629 5051 Fax 409-0419

CAPITAL AVAILABLE

For investment in business seeking to expand or start-up. Funds available for many propositions.

For full details contact: VCR, 2 Boston Road, Henley on Thames, RG9 1DY Tel: 0491 579999

A Member of FIMBRA

BES ISSUES

If you own an expanding profitable business and want to raise up to £500,000 under the BES, call Angus Forrest for details on 01-251 9111.

FIMBRA

Multi-use partitioning and wall facing business seeks partners to assist in business expansion programme.

Write Box F8462, Financial Times, 10 Cannon Street, London EC4P 4BY

Distribution/Processing/ Manufacture

Capacity available. I have 35,000 sq ft, experienced management and wish to diversify.

Well House Barns, Well, Basingstoke, Hants RG25 1TL 0256-862059

SUCCESSFUL ENTREPRENEUR

with big and small company experience offers his services on consultancy basis to develop a growth business or solve financial problems. Substantial capital available. Location immaterial.

Write Box F8480, Financial Times, 10 Cannon Street, London EC4P 4BY

Practitioners In Advertising

Offer service to companies with £100,000 plus Advertising budgets.

Ring Russ on 01 783 1150 or Fax 01 941 5728. John Hofer Ltd.

BUSINESSES WANTED

SUCCESSFUL U.S. CONSULTING ENGINEERS SEEK U.K. ACQUISITION

* Are you a firm of consulting engineers, preferably with at least 30% of your business in electrical consulting?
* Would you consider an attractive offer from a UK firm wishing to establish a base in the UK?

If so, write in the strictest confidence providing as much detail as possible to:

B.M. Commercial Ltd, Sutton Place, 49 Stoney Street, Nottingham, NG1 1LX

Or call Tony Bates on 0602 483904

HOME IMPROVEMENTS AND DOMESTIC FURNITURE MANUFACTURING COMPANIES WANTED

We are a fully listed medium sized public company which has diversified into the above areas in recent years. We are now looking to expand those activities by the acquisition of private, well managed companies with a profit record which is currently between £150k and £750k. If this profile fits your company and you want to continue managing it and share in its continued expansion, then contact us in confidence through:

Ref: 408, Streets Communications Limited, Bennetts Court, 6 Bennetts Hill, Birmingham B2 5ST.

DATABASES FOR INDUSTRY

Are you

- producing a database for industry that could benefit with more sales and marketing?
- developing databases using electronic delivery, e.g. CD ROM, that need finance, sales or marketing?
- the owner of an already successful database you wish to sell?

We are already a leader in technical information services and we want to grow through acquisitions. We want to hear from you.

Write Box H3890, Financial Times, 10 Cannon Street, London EC4P 4BY

Portfolio purchase – acquisitions

Have you considered selling your receivables?

We are part of a major international financial services group.

If you provide secured or unsecured consumer loans or finance retail sales, either by credit card or credit sale, we'll value all or part of your book debt in total confidence.

Portfolios of $1 million minimum considered.

Alternatively, proposals for corporate acquisitions welcomed.

For a prompt, no obligation valuation contact John Sutton, Marketing Director, Beneficial Bank PLC, Prudential House, Wellesely Road, Croydon CR0 9XY. Tel. 01-680 5096.

This advertisement has been approved for the purposes of the Financial Services Act 1986 by Frere Cholmeley, which is regulated in the conduct of investment business by The Law Society.

SERVICE INDUSTRY

We are a medium sized private Group involved in the provision of skilled technical personnel now looking for expansion/diversification in the UK and overseas.

We are interested in the areas of recruitment and employment, advertising, consultancy and associated service industries. We could look at joint ventures or acquisitions.

All replies (in strict confidence) to:

David Smyth, Teleconnect Ltd., 2 High Street, Aylesford, Kent ME20 7BG Tel: 0622 882102 Fax: 0622 78020

BUSINESSES FOR SALE

SAMUEL GRAHAM LTD.
GRAHAM BACON LTD.
IRISH PIGMEAT EXPORTS LTD.

All in Receivership

The Receiver offers for sale the assets and undertaking of the above group which operates pig slaughter and pigmeat processing plants at Coolshannagh, Monaghan, Co. Monaghan. Located on a site of nine acres these modern plants have production capacities, based on a 40 hour week, of slaughtering 5,000 pigs and processing 4,000 carcases.

For further information contact the Receiver and Manager: Telephone: 01-607933. Telefax: 607521. Telex: 92287.

O'HARE BARRY & ASSOCIATES

Bernard Somers, FCA, 35/39 Shelbourne Road, Dublin 4.

Freehold Garage For Sale

SUSSEX

Turnover	1.8 M
Net Profit	115 K
F/H Value	450 K

Full particulars from J.Adams & Co. CIAs Tel No: Brighton (0273) 202420 Fax No: Brighton (0273) 774154

BUILDING PRODUCTS

Long established Texas building products center for sale. Retail and wholesale lumber and hardware. Annual sales of US$ million, cash flow of US$7 million and growing. Proven management will stay.

Interested buyers please send evidence of financial capability to: Chairman, PO Box 27027, Houston, Texas 77027, USA.

Major Spiral Pipe Manufacturing Facility

Offers are invited for the business and assets of W Byard & Company (Spiral Pipe) Limited (in Administration) which operates as a manufacturer of spiral weld pipe mills and also as an engineering contractor manufacturing steel pipe.

Located in spacious leasehold premises with waterfront access adjoining the Clyde estuary at Dumbarton, the assets include a complete fabrication unit for the manufacture of steel pipe for the construction industry. There is also 9,600 square feet of freehold property within a ground area of 1.82 acres at Broxburn, West Lothian.

The company, with a latest annual turnover of approximately £2 million, has 60 employees who have the resources and technical skills to undertake general fabrication work.

For further information contact Mr R W Wilson or Mr R R Russell.

Touche Ross

39 St Vincent Place, Glasgow G1 2QQ. Tel: 041-204 2800. Tlx: 778662 TRGLAS G. Fax: 041-221 1864.

Authorised to carry on Investment Business by the Institute of Chartered Accountants in England and Wales.

Business for Sale

SMALL UNISYS MAINFRAME BUREAU BUSINESS FOR SALE TURNOVER APPROX 400K PER ANNUM

Write Box H3900, Financial Times, 10 Cannon Street, London EC4P 4BY

SECURITY COMPANY

Small, successful and expanding privately owned company with contracts in mobile and static guarding. Well established with a good reputation within its location in Sussex. The acquisition would offer an excellent opportunity for private ownership or exciting company expansion. Write in strictest confidence to

Box H3898 Financial Times, 10 Cannon Street, London EC4P 4BY.

FOR SALE AS A GOING CONCERN BY THE JOINT ADMINISTRATIVE RECEIVERS

A. T. ANDREWS (ENGINEERING) LIMITED

OFFERS ARE INVITED FOR THE ASSETS AND BUSINESS OF THE ABOVE COMPANY WHICH TRADES AS STEEL FABRICATORS AND SHEET METAL WORKERS FROM LEASEHOLD PREMISES AT HERTFORD, POSSESSES A KNOWLEDGEABLE AND LOYAL WORKFORCE, VALUABLE EQUIPMENT, A PRESTIGIOUS CUSTOMER LIST AND A SIZEABLE ORDER BOOK. CURRENT TURNOVER APPROXIMATELY £1.3 million.

Information and prospectus available from the Joint Administrative Receivers: Keith Goodman FCA and Philip Monjack FCA

LEONARD CURTIS Chartered Accountants 30 Eastbourne Terrace, London W2 6LF. Telephone: 01-262 7700. Fax (01) 723 6059.

SPECIALIST ELECTRONICS COMPANY FOR SALE.

Hants based - own products and subcontract services - sales last year £350,000 - client base - current outstanding quotes £200,000

R G Waring - Administrative Receiver, 021-643-4617

FOR SALE

Proprietor wishes to retire from Graphics/Reprographics business. T/O £400,000. Two prime city buildings - freehold (one recently used). 5 minutes from M25. 7000 customer/prospect data base covering Herts., Beds., Bucks., Essex & N London.

Write Box H3885, Financial Times, 10 Cannon Street, London EC4P 4BY

FIRE PROTECTION CONTRACTOR

The business and assets of F. P. Fire Protection Limited and F. P. (A & M) Group Limited, both in receivership, are offered for sale as a going concern.

* Specialist contractor in application of fire protection for steel and other buildings
* Freehold and leasehold premises - Essex and Yorkshire
* Turnover 1987/8 - £6m
* 200 employees

For further details contact:
Neil Cooper and Ipe Jacob
Joint Administrative Receivers
F. P. Fire Protection Limited
F. P. (A & M) Group Limited

ROBSON RHODES

Chartered Accountants

186 City Road, London EC1V 2NU
Tel: 01 251 1644 Fax: 01 253 4629
Authorised to carry on investment business by the Institute of Chartered Accountants in England and Wales

CHRISTIE & CO

Prestigious Regency Hotel, Hove, East Sussex
60 bdrms, all en suite, 3 luxurious top floor suites. Bar (45), rest'nt (50), adjoining suite extension (40), further delegate room (20), resident lounge. Strong commercial/tourist trade.
F/H. **Offers in excess of £2,350,000.**
Ref: 4/1267/FT. London office 01-799 2121

Portman Estates Hotel, W1
Excell trading location situated close to Marble Arch, 14 beds, reception, office and kit. New 65 yr lse with fixed rent. **L/H. £850,000.**
Ref: 4/8074/FT. London office 01-799 2121

Earls Court, Kensington Borders
3 large five storey town houses for sale with Cl hotel use. Proposed 60 beds, lrge garden to the rear. Substantial cash purchasers required. **Freehold.**
Ref: 4/5124/FT. London office 01-799 2121

New Forest, Manor Hotel
27 en suite letting rms. Restn't. Lnge and Cocktail Bar. 2 Delegate/Meeting Rms. Extensive Gardens, Tennis Court and Outdoor Pool. **Freehold £1.75 million.**
Plus: Adjoining Stables and Riding Centre, to include 12 loose boxes, 3 Holding Paddocks, 2 Bed Cottage, 3 Flats, 6 en-letting Rms and Outbuildings to be sold by Tender with or without the Hotel.
Ref: 38/43124/FT. Winchester office 0962 844455

Satellite Imagery and Radar Survey Specialists, Livingston ERSAC Limited

(IN RECEIVERSHIP)

The business and assets of ERSAC Limited, specialising in cartography and geological surveys using computer enhanced satellite data and radar technology, is for sale as a consequence of receivership.

- Prime super-mini computer
- GEMS image processing system
- Extensive library of data on computer tape
- £1.5 million contract pending; awaiting letter of credit
- Customer base includes national governments, international agencies, local authorities and oil companies
- Unique expertise comprised in small team of 7 employees.

For further details contact: Alan Jamieson or Iain Bennet at: Price Waterhouse, 28 Drumsheugh Gardens, Edinburgh EH3 7RN. Tel: (031) 225 4242. Tlx: 727434. Fax: (031) 225 5352.

Price Waterhouse

AMERICAN THIRD PARTY COMPUTER MAINTENANCE COMPANY

- 1988 turnover $10 million, 126 employees
- Consistent growth since 1981
- Profits have exceeded 25% for past 6 years
- 42 on-site service branches in 20 states in midwest and midsouth
- Well focused and effective sales staff
- 80% of turnover from prepaid annual maintenance contracts in a fast growing niche market
- Could grow to $20m nationwide organization in 3 years whilst retaining good profits

For further details contact:

D. R. MacNaughton, President
Business Development International,
808 High Mountain Road,
Franklin Lakes, New Jersey 07417 USA
Tel (201) 891 1040 Fax (201) 891 2773
Telex 130 397 (cjan)

Our client bears all our costs

CHESHAM. WE REALISE WHAT YOUR BUSINESS IS WORTH.

As the leading merger brokers in Britain, we are in a unique position to provide the most appropriate buyer for your business.

We aim to be in regular contact with the chairmen of most acquisitive PLCs, looking for successful private companies worth between £500,000 and £25m.

So, if you're thinking of selling your business, contact our Managing Director for a confidential discussion about its real worth.

CHESHAM AMALGAMATIONS
Because you only sell your business once.

Chesham House, 2 Bentinck Street, London W1M 6JX. Telephone: 01-935 2748
FIMBRA

CAVAN RUBBER LIMITED
(In Voluntary Liquidation)
Formerly Alfa Cavan Rubber Manufacturing Co. Limited.

The Liquidator, Mr. Gerard Murray, invites offers for the business and assets of the above company. The company is engaged in the manufacture of the complete range of mandrel made industrial rubber hosing.

ASSETS COMPRISE:

- Rubber processing machinery and mandrel plant capable of producing 1500 metres of product per shift.
- Ancillary plant eg. boilers, compressor, lathe, drill.
- Stocks of raw rubber and tyre cord, work in progress and finished goods.
- 78,000 Sq. Foot premises at Cootehill, Co. Cavan.
- Loyal and highly skilled workforce available.

INTERESTED PARTIES SHOULD CONTACT:

Mr. Gerard Murray,
Copsey Murray & Co,
Chartered Accountants,
5 Pembroke Row, Dublin 2.
Telephone No: 610144
Fax No: 606203

COPSEY MURRAY & CO.

EM&F

EMPLOYMENT AGENCY - Well established name in Midlands City. Turnover above £800,000p.a. with net profits after Directors £148,000. Company offered at £350,000 (Ref X12797G)

HOTEL AND LEISURE COMPLEX - Country Club. Mid Wales coastal area. 5 acre site. Complex includes ballroom, dining room, conference facilities for 100. Heated pool, squash/tennis courts. 9 flats, 10 chalets, workshops. 4 bed owners accom. Profits for 86 and 87 £71,000 net. F/Hold £375,000 + s.a.v. (Ref LP15092C)

GLAZING CONTRACTORS AND GLASS SUPPLIERS - MAJOR NORTH EAST HERTS MARKET TOWN - 1200 sq.ft mod ind L.Up unit. Built 1980. T/O £232,000 with good profits. Many local contracts including PO and Borough Council. Good equipment. etc. F/Hold price £199,000 + s.a.v. (Ref M12545D)

COUNTRY HOUSE WITH PLANNING PERMISSION FOR REST HOME/ HEALTH FARM - Imposing country house in Shropshire rural village. 4 recep, 2 kit, 8 beds + 2 attic rooms. 4 baths, sep 1 room cottage. Sep 3 bed bungalow. Stable block, 3 gars. All in 5 acre of gdn. Offers £500,000 (Ref N15094C)

WHOLESALE CLOTHING HARDWARE + FANCY GOODS - CASH AND CARRY - LUTON. T/O £500,000 at 35% GP. 4,000 sq.ft. Sales area on 3 floors of end of terrace prems. Well estab. bus. Easy parking F/Hold £320,000 ono for quick sale (Ref W15769D)

E.M & F Ltd., 18 Walsworth Road, Hitchin, Herts SG4 9SP

FOR SALE COMPUTER SOFTWARE HOUSE

IBM AGENT. SOUTH EAST OF ENGLAND LOCATION. ESTABLISHED PRODUCT AND CLIENT BASE.

ENQUIRIES TO: REFERENCE 101
FAX TO: 01 404 0405

WINDOW MANUFACTURE AND INSTALLATION. DOMESTIC AND COMMERCIAL.

Company established over 10 years in London area. Turnover £3m. Exceptional profits. Good Management Team.

Write Box H3901, Financial Times, 10 Cannon Street, London EC4P 4BY

SMYTHAPARK ESTATE
NORTH DEVON
500 ACRES

- Imposing Georgian style residence
- Land suitable for all farming activities
- Fine stone outbuildings and additional farmhouse for up to 11 residential units
- Fine riding, shooting and fishing

COOMBE FARM, NORTH DEVON

Charming farmhouse set in secluded valley amidst some 23 acres. Extensive range of excellent stone outbuildings including a former cottage and mill - all suitable for conversion with immense development potential, subject for conversion

JOHN SMALE & CO
11 High Street, Barnstaple, N Devon
(0271) 42000

BUSINESS FOR SALE
In Sunny South Australia

We offer for sale a family business comprising an Aluminium Fabrication Shop and Non-Ferrous Foundry serving the Building and Home Improvement Sector.

The business has been established for some fifteen years and has a proven Industrial Market Base.

Annual Turnover has now reached $A1.7 million, showing a gross profit of 45% + with excellent net returns.

The company has earned an excellent reputation for quality and service, and has outlets throughout Australia. There is good export potential with sales recently being made into United Kingdom and the Middle East.

The workforce of 25 employees and 2 working directors boasts a fine management group backed by a competent and conscientious production team.

Enquiries in the first instance should be addressed in writing to: The Managing Director, D.B. Projects Ltd., 35 Bo'ness Road, Grangemouth FK3 8AN.

FREEHOLD PUBLIC HOUSE

Town Centre location, Clacton-on-Sea, Essex
Currently trading as freehouse.

MOORES & ROWLAND,
115 New London Road,
Chelmsford,
Essex. CM2 0QT
Telephone: 0245 281222

24 BED REST HOME LINCOLNSHIRE

Well established rest home situated two hours drive from London, available as going concern. Projected turnover £190,000. Projected net profit £80,000. Run totally under management.

Price £425,000 for quick sale

Please reply in confidence to Box H3902, Financial Times, 10 Cannon Street, London EC4P 4BY

BUSINESSES FOR SALE

ISLE OF MAN TRUST & COMPANY ADMINISTRATORS

Our client is a substantial and highly profitable Company with a fee income is inexcess of £1 million p.a. with an international client base. Principals only interested in acquiring the business are invited to write to

Box No H3874, Financial Times, 10 Cannon Street, London, EC4P 4BY.

FOR SALE
CALIFORNIA MANUFACTURER OF MILITARY COMMUNICATIONS HARDWARE

- $18 million Revenue - $3 million pretax profit (US$)
- Sole source supplier to $200 million defense program
- High Tech, Proprietary Product design for Microwave Communications. Metal fabrication production.
- 130 employees - non-union shop. Management to stay.

CONTACT: Bill Peck (714) 966-2700
Geneva Business Services, Inc.
575 Anton Blvd.
Costa Mesa, CA 92626
FAX (714) 979-5075
Telex: 469386 GENEVA SNA

Miller

25 YEAR LEASE BERTHS
FALMOUTH MARINA

Cornwall's Premier Marina is still expanding and developing, with Phase 3 offering even more on-shore facilities.

4 categories of berth lengths from £15,000 (including VAT). Substantial savings over annual berthing.

Apply Leisure Dept

Mansion House, Truro TR1 2RF. Tel: (0872) 74211

ENGINEERING COMPANY

Old established company, well equipped and profitable at prime site locations in Berks and London. High quality precision steel fabrications and constructional engineering with extensive machine shop capability and skilled workforce. Full order book with regular government contracts and blue chip customer base. Turnover £800,000 increasing.

Write Box H3864, Financial Times, 10 Cannon Street, London EC4P 4BY

FOR SALE
ENGINEERING LABOUR SUPPLY COMPANY

Established business involved in the supply of temporary skilled labour for the installation and/or renovation of major industrial plant.

Blue chip client list. Freehold premises in the North West.

Turnover £1,000,000. Considerable growth potential in an area of little competition.

Write Box H3885, Financial Times, 10 Cannon Street, London EC4P 4BY

FOR SALE INTERNATIONAL FORMULA 3000 CAR RACING TEAM

Available in Official Single Seater Racing Team linked to Major Racing Car Manufacturer.

- 3500 sq.ft. High Tech Factory/office
- Complete with all Equipment and Vehicles
- Turnover £600,000 pa
- Highly Successful Results.

Write Box No H3903, Financial Times, 10 Cannon Street, London, EC4P 4BY.

FOR SALE SOFT DRINKS COMPANY

With high potential. Based in the North West. Offers around £75,000 with existing client base.

Write to Box F8479, Financial Times, 10 Cannon Street, London EC4P 4BY

Tax Loss Company For Sale

Tax losses in excess of £250,000 available to building company which is still trading and is engaged in the building of private houses.

Enquiries to Box H3901, Financial Times, 10 Cannon Street, London EC4P 4BY

Data Processing Agency

Home Counties
Blue Chip clients
Expanding - Profitable
Ill-health necessitates sale

Write Box F8488, Financial Times, 10 Cannon Street, London EC4P 4BY

Recruitment Agency - Technical

South Coast
Under Management
Profits approaching £150,000

Write Box H3889, Financial Times, 10 Cannon Street, London EC4P 4BY

FOR SALE

Chain of 4 professionally run video shops located within 40 miles of London. Genuine reason for sale, and considerable sum required.

Write Box H3887, Financial Times, 10 Cannon Street, London EC4P 4BY

FOR SALE COURIER COMPANY

Expanding, profitable, situated N.London. Owner Director + 2 staff = £400,000 bona fide billings @ 48% margin + assets + other income = £425,000 asking price. Interested?

Write Box H3891, Financial Times, 10 Cannon Street, London EC4P 4BY

D I Y SPECIALIST

T/O £1.8m p.a. based in South Yorkshire
For Sale as a divestment by Holding Company

Principals only to contact Box F8447, Financial Times, 10 Cannon Street, London EC4P 4BY

INDIA - LINK:

Will place your CO. before top decision makers in India.

Tel: 0293-29427

FOR SALE

Compact, well equipped, well run typesetters with freehold premises. Good staff and excellent clientele.

Write Box No H3906, Financial Times, 10 Cannon Street, London, EC4P 4BY.

GOLF INDUSTRY

Rare opportunity to acquire established powered golf trolley company with potential for substantial profits. Particularly attractive to a marketing based company.

Write Box H3894, Financial Times, 10 Cannon Street, London EC4P 4BY

TRADITIONAL MIKROFILM BUREAU FOR SALE

Turnover £900,000 pa. Central London. Blue chip client base. Order book £2 million. Excellent production facilities.

Principals only.

Write Box H3884, Financial Times, 10 Cannon Street, London EC4P 4BY

WEST LONDON.

Self-service perfumery and cosmetic store trading from double unit. High street location near major multiples. Current turnover £600,000 at high gross margin. Long lease, current rent £27,000 p.a.x. A most profitable business. PRICE £350,000 SAV. Ref. 0673

For further details telephone 01-954 9529

HOVERCRAFT LATE MODEL, NEW CONDITION

Fully fitted with firefighting and medical facilities. Now offered at fraction of new cost. Comprehensive details and personal attention to genuine enquiries.

Holland 31 10 4200532
Fax 31 10 4349525

SPECIALIST BATTERY Co N Y STATE USA

Major customers 1000 hospitals, for supply and service. T/O current $1.7m P&L $200,000+.

Contact Principle.

Ref DD. Tel No. 0784 59383

For Sale

Established busy flight case company, making specialised custombuilt cases for music, lighting, stage and film industry, turnover £380,000 per year. Best offer accepted. No time wasters please. We are looking for a quick sale.

Write Box H3896, Financial Times, 10 Cannon Street, London EC4P 4BY

PLC COMPANY

For Sale
Capitalized and Ready to trade
£3,000

Tel 01 878 8629

The Better Business Centre Limited

The best businesses are available from The Better Business Centre.
All types, all locations, all prices
"Profit through experience"
Buying or selling contact:

Bank House, 127 High Street, Crediton, EX17 3LQ Telephone: 03632 4763

WORLD WELL-KNOWN EUROPEAN CEE MUSIC PUBLISHING COMPANY FOR SALE

Write Journal Office,
Box H3883, Financial Times,
10 Cannon Street, London.
EC4P 4BY

For Sale

Highly Profitable Midlands Clothing Manufacturer
Turnover in excess of £2.5M
Principal Only

Write Box H3896, Financial Times, 10 Cannon Street, London EC4P 4BY

Residential and nursing homes five available from £750,000 to £2.5 million S.E. England The Trump Organisation, Tel:0892-[illegible]

Superb freehold kitchen showroom 3000 sq ft Essex just off M25 £425,000. The Trump Organisation Tel: 0892-[illegible]

Georgian Country House. West Sussex, 30 acres-suitable company H.Q. Nursing home, health farm or hotel. £1.4 million. The Trump Organisation. Tel: 0892-[illegible]

Financial Planning and Investment Management Company with established FIMBRA membership. Substantial funds under management. Seeks merger or take-over proposals. John Sheppard FCA, Wyncharn, Church Lane, Chichester PO20 [illegible].

NEXT AUCTION of life assurance policies and reversionary interests on Thursday 20 October. Telephone H.E. Foster & Cranfield for catalogue. 01-608 1941.

USA BUSINESS FOR SALE

Sells a proprietary line of diamond sewing and core drilling products used by specialty trades contractors to cut concrete and masonry materials. Sold to more than 3,000 rental stores and 200 warehouse distributors nationwide. Capacity to expand and to add related products. Respond to:

THE HUBLER COMPANY, INC.
P. O. Box 11769,
Fort Worth, Texas 76110-0769

PROJECT ENGINEERING COMPANY

specialising in the design, manufacture, installation and maintenance of mechanical, electrical and structural projects

For details write to: Howard Drummon,
Keith, Bayley, Rogers & Co, Ebbark House,
93-95 Borough High Street, London SE1 1NL

BUSINESSES WANTED

Plc Engineering Seeks Acquisitions

A progressive plc is seeking to expand its business base through acquisition in the manufacturing sector

We are looking for companies in the small to medium size range with pre-tax profits of between £¼m and £3m.

Consideration for the purchase of any acquisition can be based on cash or equity or a suitable mix

Write Box H3367, Financial Times, 10 Cannon Street, London EC4P 4BY

MAIL ORDER GROUP SEEKS ACQUISITIONS

A progressive mail order group is seeking to expand its activities through acquisitions in the mail order/direct marketing sector.

We are looking for companies with potential, in the small to medium range (turnover between £½m an d £3m) preferably with a Spring/Summer seasonal bias.

Outright purchase will be offered with or without your continued involvement in the business.

Write Box H3897, Financial Times, 10 Cannon Street, London EC4P 4BY

PUBLIC COMPANY REQUIRED

Principals require Share and Board control of a fully listed or USM Company. Principals have a very substantial property investment portfolio valued at £25,000,000.

All replies treated in the strictest of confidence.

Write Box H3888, Financial Times,
10 Cannon Street, London EC4P 4BY

EMPLOYMENT AGENCIES WANTED

A successful employment agency group with a substantial regional network seeks to acquire single or multi branch agencies in London and the Home counties. All replies treated in the strictest confidence.

Write Box H3886, Financial Times, 10 Cannon Street, London EC4P 4BY

NEVILLE

Neville is retained by Plc clients seeking acquisitions in:
Building Products, Engineering, Boat Building, Chemicals, Food, Plastics, Catering Supplies, Hotels and Property, and other sectors.

Contact: Charles Cooper, Neville Industrial Securities Limited, 42-46 Hagley Road, Birmingham B16 8PZ. Tel No. 021 454 5431, Fax No. 021 454 1808.

(A MEMBER OF TSA)

WANTED EMPLOYMENT AGENCIES FOR ACQUISITION BY PLC

Replies from principles only stating turnover, pre tax profits, number of offices and field of operation. Replies treated strictly confidentially.

Reply to: The Chairman Box No 8468, Financial Times, 10 Cannon Street, London EC4P 4BY

UP TO £100,000

Cash available for immediate purchase of company with net liquid or easily realisable assets with or without tax liabilities. Premium paid.

Write Box H3892, Financial Times, 10 Cannon Street, London EC4P 4BY

COMPANIES WANTED DEMOLITION, EXCAVATION AND ENGINEERING CONTRACTORS

Companies with tax losses urgently required by a medium sized company. Principals only please to:-

M.R. Sangard, A.C.A., Dias Jones & Partners, Chartered Accountants, Fenchurch House, 105/107 High Road, South Woodford, London E18 2TP. Tel: 01-505 3355, Fax: 01-505 2328

Quoted plc

Requires Employment Agencies for cash or equity participation.

Write Box H3893, Financial Times, 10 Cannon Street, London EC4P 4BY

BUSINESS SERVICES

Do you need Company Report

and Accounts, Legal documents, books advertising material or other printed matter checked before final production? Early retired head reader of a financial newspaper offers services on a free lance basis in London/St area. Over 25 yrs experience. References available.

Tel 0689 53267

FOR SALE

Chain of 4 professionally run video shops located within 40 miles of London. Genuine reason for sale, and considerable sum required.

Write Box H3887, Financial Times, 10 Cannon Street, London EC4P 4BY

INCREASES IN INTEREST RATES?

Q. How will this affect your business?
A. Let us undertake a speedy, tailored, independent market-research survey of your customers to find out.
For Industrial/Consumer Market Research in the UK and Europe.

The SPER Consultancy Group
Tel: 01-879-7119 Fax: 01-879-1472

Is International Expansion your problem?

Small team of well proven executives based in Switzerland is available to assist companies wishing to expand into Europe, USA, Far East, Australasia. Overseas production, marketing, personnel and corporate structures all covered by specialists.

Contact in strict confidence for meeting:
R.J. Muirie, Muirie & Associates,
Residence de la Cote 70,
CH-1110 Morges Switzerland
FAX:(41)21 8012552

LIMITED COMPANIES

U.K. and International
Isle of Man & Non-Resident

EXPRESS
COMPANY REGISTRATIONS LIMITED
Epworth House, 25-35 City Rd, London EC1Y 1AA
Telephone 01-588 3271 Telex 887475

T.C. CONTRACT PROMOTIONS LTD. SOMETHING COMPLETELY NEW IN THE CONTRACTING WORLD

T.C. Market your company and make sure you receive regular TENDERS FOR MAJOR WORKS. Acquiring new business is time consuming but you can't grow without it.

Please contact us on 01-518-2200

Entertain your clients and executives in style.

Twickenham Rugby Internationals 88/89. Private Marquees, Champagne reception, open bar, seat tickets and many more facilities to ensure a memorable day.
Next event: England V Australia, 5th Nov 1988.

Phone 01-833 0903/0839
Fax 01-278 3608
DKM Marketing Associates.

BUSINESS SERVICES

OVERCOME THAT OVERLOAD

Temporary help with financial control, trouble shooting, strategic and operational planning, and capital expenditure and acquisition evaluations. MBA with extensive practical experience.

Write Box H3904, Financial Times, 10 Cannon Street, London EC4P 4BY

BUSINESS AND ASSETS

of solvent and insolvent companies for sale. Business and Assets.

Tel: 01-935 1164.

P.R.PAYS!

Turn your good news into profits. Complete public relations, marketing, copywriting and desktop publishing service at competitive cost.

Wordsmith P.R. 41 Mary's Mead, Hazlemere, High Wycombe HP15 7DR. Tel: 0494 28617

DIRECT MAIL LISTS & SERVICES 100'S of ready- made lists immediately available. Suppliers to leading UK companies. Free catalogue, Market-scan, Freepost. Chichester, Sussex. Tel 0243 786711

Finance for expansion by factoring. Specialist service for small businesses. Tel: (0202) 660984. County Factors Ltd, Patrick House, West Quay Road, Poole, Dorset. BH15 1JF.

BUSINESS CENTRE, LONDON N1 (Close to City): Conference room, office suites, secretarial services, facsimile, photocopying, accommodation/business address. Tel 226 6661 or Fax 226 7830

HOTELS & LICENSED PREMISES

NORTH YORKSHIRE-DURHAM BORDER

Period Country House Hotel, 15 Ensuite Bedrooms, Owners Apartment, 4 Acres, 3 STAR, Egon Ronay Recommended. Region £600,000. Particulars

Tel 0432-509419

CONFERENCES

INVESTING IN SPAIN? COME TO WHERE THE CAPITAL IS COME TO MADRID

We invite you to attend the informative seminar on investment opportunities in the Autonomous Community of Madrid, organized by Instituto Madrileño de Desarrollo and Arthur Andersen, on November 7, 1988.

If you are aware of the great opportunities for foreign investment that Spain offers, and if you are thinking of profiting from them, then you should also familiarize yourself with the Autonomous Community of Madrid —the Community where Spain's capital, main financial center and administration are located— as a place to invest in.

Now is the time to find out about the present and future possibilities, the new Regional Development Plan, the legal and tax framework, the investment benefits and aids, and to find the answer to all your questions about investing in Madrid. Directly on the spot, in Madrid, talk with the experts, with the authorities from the Autonomous Community and with the executive officers of other foreign companies already established here.

Come on November 7. You are invited. Because spending a day in the capital of Spain may be of capital interest to you.

For complete information and reservations, please contact Mr. Ismael Fernández de la Mata, Central Information Section of Arthur Andersen y Cía., S.R.C., c/ Raimundo Fernández Villaverde, 65, 28003 Madrid, Spain. Tel.: 597-0000, Fax: 456-6469, Telex: 27494.

Organized by:

IMADE
Instituto Madrileño de Desarrollo

ARTHUR ANDERSEN & Cía.

EUROPE 1992

MEETING THE CHALLENGE OF THE SINGLE MARKET
A conference for Directors and Senior Executives at the
Albany Hotel, Nottingham
Wednesday, 9th November 1988

The Business Enterprise Unit, Lonsdale Hall, Lonsdale Place, Derby DE3 3LP. Telephone: (0332) 291732

AIRCRAFT FOR SALE

AERONAUTICAL MINISTRY GENERAL SUPPORT COMMAND DIRECTORATE OF MATERIAL

NOTICE

The Director of the Directorate of the Aeronautical Equipment gives notice that will take place a Public Auction for the Sale of Aeronautical Material applicable to Viscount Model 742D - Serie 141 and Model 789D - Serie 345. (3.000 items applicable to motor propulsion group, electrical and Hdraulic Systems Avionics, instruments, fuselage, landing gear, tyres, etc.), to be held on the second half of October 1988 at the Parque de Material Aeronáutico de São Paulo - Departamento Ténico - Av Braz Leme No. 3258 - Santana - 02022 São Paulo - SP - Brasil - phone (11) - 298 1853 - FAX (11) 299 7412 TELEX 21-31067. Public Auction also for more than 15.000 items applicable to Aircraft DHC-5 Bufallo and T-37

DUNCAN AVIATION

82 Jetstream 3101-605
82 Citation II-0356
82 Learjet 35A-456
81 Learjet 55-004
(402) 475-2611

PLANT & MACHINERY

FORK LIFT TRUCKS. We have a selection of second hand quality trucks available for immediate sale. All cleaned, inspected, painted and in excellent working order. Price list available on request, but we suggest a personal inspection of our large stock of leading makes. Export enquiries welcomed. Birmingham Fork Lift Truck Ltd., 4-8 Hame Road, Saltley, Birmingham. 021 327 5944/5. Telex. 338723.

BUSINESSES FOR SALE

LEROY & SON (1985) LIMITED (In Receivership)
WATCH MANUFACTURER

The business and assets of the company are offered for sale as a going concern

- Blue Chip retail customers
- Brand names Touche, Chevalier and Leroy
- Substantial modern plant & equipment for manufacture of watch cases and bracelets
- Highly skilled workforce
- Leasehold factory London E10

For further details apply to The Administrative Receiver
Laurence Bader ACA,
Clark Whitehill & Co.,
25 New Street Square,
London EC4A 3LN
Tel: 01-353 1577

CLARK WHITEHILL & Co
Chartered Accountants

HUNTLEY & PARTNERS

RESIDENTIAL HOME CURRENTLY REGISTERED FOR 36 (POSS 40). Superb seaside postn. in popular S. coast resort. Uninterrupted coastal views. All single rms., fully equipped & fur. to good standard throughout. Full Fire Regulations. Nurse call etc. Excel. potential to develop. T/O. approx. £4,500 - £5,000 p.w. Superb profits. F/HOLD £1.2 MILLION M.962

46 Mutley Plain Plymouth PL4 6LE Tel: Plym (0752) 262311

BUSINESSES FOR SALE

BY ORDER OF:
VARIOUS RECEIVERS AND COMPUTER PERIPHERAL MANUFACTURERS

Notice of Sale by Tender

OF
NEW AND SECOND USER COMPUTER EQUIPMENT
COMPRISING OF

PC's - Olivetti, IBM, Apricot, Compaq, ICL, etc...

MAINFRAMES - Prime, Hewlett-Packard, Honeywell, Dec, etc...

PRINTERS- over 500 new and boxed printers by various manufacturers

Newbury Data, Brother, C-Itoh, etc... plus 400 second user: Mainly Exdemo by various manufacturers including Juki, Olivetti, Ricoh, etc...

TERMINALS - 100 Microvitec (IBM colour monitors) 40 Wyse 60, 85

Visa 95 C-Itoh 80, Newbury 9500, Thomson, Alloy, etc ... all new and boxed.

Second-user terminals by Televideo, Qume, Dec, Olivetti, Lear-Siegler etc...

CARDS - Expansion cards, Cga cards, Memory cards, Network cards all by various manufacturers.

MODEMS - 80 modems new and boxed plus second user manufactured by Case, Timeplex, Racal-Milgo, Dowty, Jaguar, etc...

Plus accoustic hoods, printer stands, sheet-feeders, power packs, switch boxes, drive controllers, software, tape-streamers, etc...

OVER 2000 ITEMS LOTTED FOR TRADE AND PUBLIC

VIEWING

FRIDAY 7th SATURDAY 8th & SUNDAY 9th OCTOBER 1988
10 am TO 4 pm daily at Intratem, 9 Shield Drive, West Cross Centre, Brentford, Middlesex TW8 9EX

Tender forms to be returned by noon Wednesday (2.10.88)

INTRATEM
Computer Valuers & Disposal Agents. Publishers of Intratem Magazine
Tel: 01-847 5881 (5 lines)

CATALOGUES AVAILABLE ON SITE

Regular tender sales on behalf of Receivers, Plc's Public Bodies and Computer Peripheral Manufacturers etc.

For your complimentary copy of the Intratem Magazine Phone 01-847 5881 (5 lines)

SERVICEMAN FRANCHISE PLC
For Sale

By order of the joint Administration Receiver Brian Mills of Booth, White & Co.

Various Buildings

Situated at various British Rail Car Parks in South East England. At present the majority occupied by Franchisees of the Company.

For further information contact Brian Mills or Peter Lawrence of Booth, White & Co.,
1 Wardrobe Place, Carter Lane, St. Pauls,
London, EC4V 5AJ
telephone 01 248 5871

BOOTH WHITE

COVENT GARDEN

Retail operation for sale as going concern. Established reputation in specialist market but eminently suited to other retail uses. Over 4000 sq. ft. ground floor with substantial ancillary offices. Storage, S.A.V., display facilities etc. Nil indebtedness. Attractive tax losses. Offers over £239,000 considered.

Apply in first instance on Telephone 01 379 4430

PLASTICS EXTRUSION COMPANY FOR SALE

A well-equipped Extrusion and Specialist Fabrication company located in North of England. Established blue-chip customer base. Turnover approximately £1.5 million from freehold site. Excellent potential for further development.

Write Box H3899, Financial Times, 10 Cannon Street, London EC4P 4BY

SAILING BARGE RESTAURANT IN DOCKLANDS

in the heart of 12 million sq. ft new office development. Seats 29 (40 at buffet), lounge, owners' 5 rooms, bathroom/WC. Taking £4,000 per month on restricted basis.

Full particulars from the Sole Selling Agents, Robert Barry & Co., 39 Upper Brook Street, London W1. Tel: (01-491 3026). LP 7373.

U.S. SEED COMPANY FOR SALE

Very profitable, established, diversified, with proprietary branded products. Revenues exceed $8 million. Mid-America location. History of profitability and strong growth forecasted. Not negatively affected by drought. Management will stay on.

Write Box H3898, Financial Times, 10 Cannon Street, London EC4P 4BY

An irresistible embarras de richesses

William Packer visits the Pushkin Museum, Moscow, and the Hermitage in Leningrad

Any journalist is likely to find himself sent to all sorts of interesting places, but the critic has the added bonus that great art tends to collect or occur in beautiful and salubrious spots. But then Moscow, where I was last week for the opening of the British Council's Francis Bacon retrospective, is a little different. The timetable is set, car ordered, tickets bought, and any change inhibited by the sheer trouble it takes. The press conference for Bacon is still hours away, and the Pushkin Museum but a step beyond the Kremlin in the right direction from the hotel.

The Pushkin turns out to be rather smaller and more miscellaneous in its collections than I expected, though in no sense a disappointment. European painting is only one among several preoccupations, and its coverage hardly comprehensive, but even where it is nominal, as with Italian and early German and Flemish works, there are lovely things — Bellotto, Guardi, Tiepolo, Cranach. It is stronger, if no more extensive, in its holding of the Dutch and Flemish masters of the 17th century, which fills two small rooms with modest yet first-rate examples. Three Rembrandt portraits in a row, the two old women especially, are surely safe in the canon; and there are fine examples of the Ruisdaels, Rubens, van Goyen, Teniers and Terborch, and the prettiest Avercamp imaginable.

To dwell on such things, however, is only to make sure they are not overlooked, for the glory of the Pushkin is its collection of French painting, from de Boullogne to Matisse. Again the earlier period is covered quickly in one room, but with examples of high quality — a wall full of Claude and Poussin; a great Chardin still life; magnificent classical ruins by Robert; Pater; Lancret; Fragonard; and Boucher, with false Diana seducing poor Callisto and Hercules getting to grips with Queen Omphale, at his most erotic.

Upstairs are the French 19th and 20th century collections, with the first gallery the last in the chronology. To enter is to get a shock of the purest visual pleasure, and, with an astonishing wall — Matisse to the right and Picasso to the left — the visitor is hard put to it to get any farther. The Moroccan triptych of Matisse (1912) comes first, with one of the great studio interiors (1911) beyond, and so on and on. The Picassos run through from the blue symbolism of the early 1900s to cubism proper (1912).

But of course one does move on, to Bonnard's large gardens, of summer (1907) and spring and autumn (1912), to Derain and earlier Matisse, then on to Gauguin in the Pacific and to Cezanne. Next come Monet, Renoir and Degas, Sisley and Pissarro, then Forain and Corot, Courbet, Daubigny and Gericault, among so many others, at last to David's two small portraits, of himself and of his student, Ingres. The Cezannes are wonderful; Renoir is at his hedonistic best; Monet is simply astonishing.

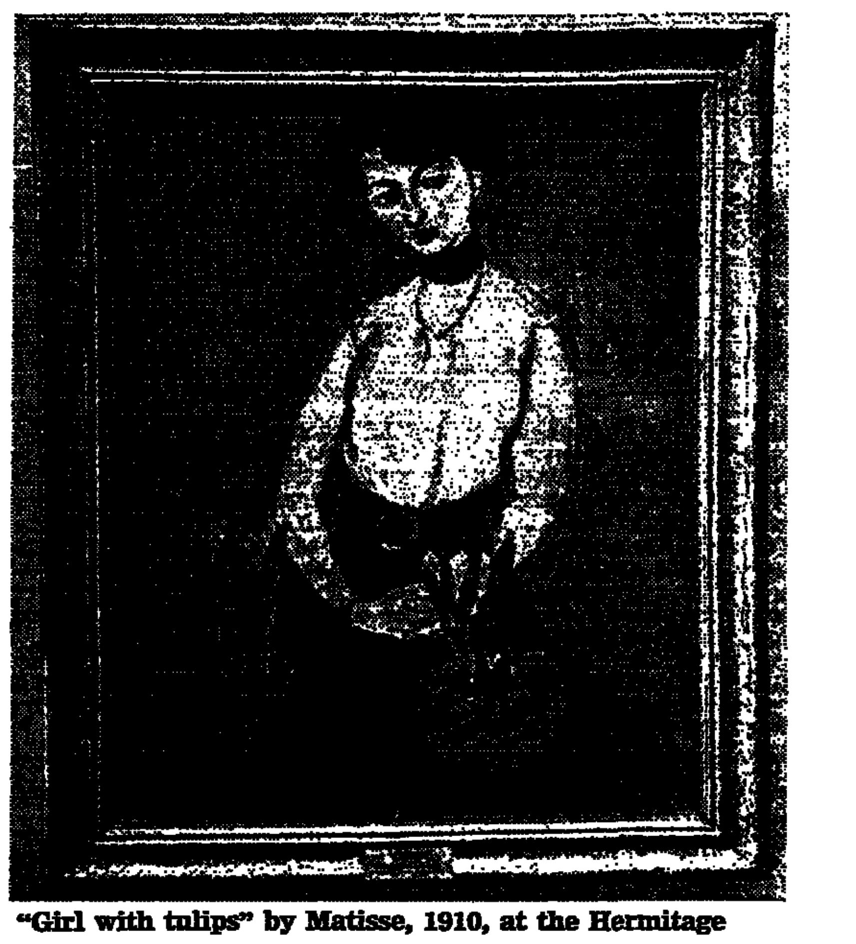
Altogether, within its choice and compacted range, the Pushkin affords an irresistible *embarras de richesses*, to which I succumbed three times. Even so it was not enough. Until the end of October, there is the added attraction of some 38 great paintings from our own National Gallery — from Titian to Turner — sent in exchange for the paintings from Russia that were shown in London through the summer.

*

The Hermitage in Leningrad sits at the opposite extreme, copious where the Pushkin is select, exhaustive and exhausting in the areas of its greatest strengths. With time for only one visit, and a mere five hours at that, my experience was coloured by a certain desperation. A suite of low galleries along the uppermost floor holds the extraordinary 19th and 20th century French collections. Again the earlier 19th century is covered fairly cursorily — though there is a remarkable Boilly of young girls playing billiards in doubtful company — but with the Barbizon painters and the Impressionists the collections come into their own.

Monet and Cezanne are as strongly represented as at the Pushkin, and Degas more so, with a group of large pastel studies of girls variously washing and drying themselves. Splendid Van Gogh and Gauguin follow, and Denis, early Bonnard and Vuillard, and then, with a fine shock, comes the first room of Picasso, of blue period symbolism and dominated by three large pre-Demoiselles canvasses of brown and grey nude figures. The second room, full of Cubism and its immediate antecedents, is no less astonishing. But then, to pile Pelion on Ossa, comes Matisse, for here are great examples of the huge decorative schemes he attempted in the years before 1914. Not all are shown, but they include the red Dance II (1910) and the blue interior, Conversation (c.1912). Then, with fine Derain, Leger and Marquet, the sequence ends.

Downstairs again, the problem with the old master collections is where to begin. We might have turned right into the French 18th century, so strong in Claude and Poussin, but instead made straight ahead into the Dutch and Flemish 17th century, which is stronger still in Rubens and Van Dyck — to say nothing of the vast carnivorous exercises of Snyders or the delicious village feasts and festivals of Teniers. Van Dyck's full-lengths of Charles I and Queen Henrietta are as fine as anything in the entire place: but one can only take in so much in a day. Queue early to get in and stay late.



"Girl with tulips" by Matisse, 1910, at the Hermitage

'George Sand' European première in Madrid

Clement Crisp reviews Vicente Nebrada's new work for the National Ballet of Caracas

The wheel has come full circle — or perhaps has not revolved at all. The nineteenth century taste for big ballets is still dominant with the public, eager for evening-long spectacles that allow a star dancer to indulge in every sort of dramatic and physical virtuosity.

The Soviets have never broken continuity in this matter with the traditions of the old Imperial Theatres. The Royal Ballet's lineage goes from Ashton, by way of Cranko and MacMillan to Bintley, and has set a pattern copied by many other nations. The success of Grigorovich's *Spartacus*, of Cranko's *Onegin*, MacMillan's *Manon*, and positively everyone's *Romeo and Juliet*, has meant a continuing quest by ballet troupes for themes that will sustain an evening's dance-drama. Thus the new *George Sand* that Vicente Nebrada has made for his National Ballet of Caracas, which I saw at the week-end in its European première at the Teatro Albéniz, Madrid.

The setting was the enterprising Madrid Autumn Festival, with the special fascination for the local audience that the role of George Sand was created for Trinidad Sevillano, Spain's pride as a young ballerina, although now most regularly seen as a principal of London Festival Ballet. The danger with George Sand as a heroine is of reducing her life to that of a *grande amoureuse* whose liaisons with various heros of the Romantic age — Jules Sandeau, Alfred de Musset, Chopin — must become the motor of the action. MacMillan's two "real" protagonists — Archduke Rudolf, Isadora Duncan — led lives whose incidents and motives could be shown in the round. Literary heroines such as Manon, Juliet, Tatyana, come already endowed with emotional and dramatic fullness. Nebrada's narrative, which traces Aurore Dupin's unsuitable marriage, her flight to Paris with Sandeau, the assumption of man's dress and a man's name, the flaring affairs with de Musset and Chopin, is one dimensional. There is no trace of the distinguished writer, of the woman who loved nature, and who was revered as "la bonne dame de Nohant." Choreographic exigencies turn her into a combination of cocotte and nurse to Chopin.

It is greatly to Trinidad Sevillano's credit that she gives such warmth and physical allure to Sand. Nebrada has

Trinidad Sevillano

made a taxing role whose supple and fluid style Miss Sevillano shapes with that technically luscious manner that has already won her such golden opinions. The girl, the young woman, the "George Sand" so enchantingly cross-dressed, are touching portraits, and in two long pas de deux Miss Sevillano is exultantly passionate. But she is still a young dancer, and the assumption of maturity needed for the Chopin incidents looks more like seriousness than age and emotional domination.

The Chopin scenes — a large part of the third act is devoted to their Mallorcan excursion and Chopin's death — finds the ballet losing its focus. This may in part be due to the fact that a second guest artist — Koen Onzia — appears as the composer. His is an interpretation of fine nervous clarity and technical edge, but its brilliance — and the fist-shaking local peasantry who disapprove of their celebrated visitors — breaks the momentum of Sand's own story.

Nebrada's structure owes something to such varied models as *Onegin* and *Spartacus*: domestic interludes and duets set against ball-room scenes and ensembles that have the air of those crowd scenes where extras industriously mouth "Rhubard, rhubarb." The text, though, is craftsmanlike, generous in displaying the skills of Miss Sevillano, Mr Onzia, and of Santiago de la Quintana, a sterling partner as de Musset. I also admired the light and eloquent dancing of Mari Carmen Catoya as Sand's daughter, and David Fonnegra's ardent Sandeau.

The design by Rafael Reyeros is an imaginative permanent set of two archways that can happily become Nohant, or Paris or Mallorca, or even a boat; Christina Giannini's costumes are handsome, and historically apt without cramping movement. The Caracas dancers work hard and well. There remains, though, the matter of the score. By Chopin, inevitably, and by Liszt, another Sand companion, its assorted numbers are spatchcocked together, some of the Chopin in dire orchestration, and with too little regard for musical logic.

It is not a happy arrangement, and if the ballet is to gain further international identity, adjustment is essential. The continued life of the piece must depend upon stellar performances at its heart: without Trinidad Sevillano and Koen Onzia it would not, I suspect, have seemed viable. It is a star vehicle; but it is one that can take outstanding dancers — and their public — for a by no means unenjoyable evening's outing.

Ronald Holloway reports on the first Golden Fleece TV-Film Festival on the Black Sea

Aboard the good ship Gruziya

At the very moment when a Channel Four production, Mick Jackson's three-part serial *A Very British Coup* was being officially awarded the Grand Prix in the Feature Films section at the First International Golden Fleece TV-Film Festival last month, the evening sky over a picturesque resort near the Georgian port of Sukhumi was lit by a bolt of lightning. Then the rains came, washing out the closing ceremonies of a truly unique event on this season's festival circuit.

If the vast majority of the 200 officials and 500 guests who retired from the scene that evening, drenched but still in high spirits, have anything to say about it, the Golden Fleece competition is here to stay. Named after the legend of Medea and her romance with Jason and the Argonauts, it takes place on a tourist liner, the Gruziya, cruising the Caucasus coast of the Black Sea. The Georgian ports-of-call for both festive welcomes and welcomed respites from viewing 22 features, 24 documentaries, 13 musicals numbered Batumi, Poti, and Sukhumi, plus Sochi (a Georgian port, too, before the October Revolution).

The 10-day festival offered surprises almost daily. Every quarter of the Blasco Black Sea liner was utilised to the maximum for the festival. Diverse shows relating to local customs and traditions were skilfully blended into the programme by festival programmer Georgi Levashov-Tumanishvili: one of the highlights of the festival was his original stage production dealing with Georgian history and culture on the opening night in the Chavchavadze Theatre, Batumi's petite and splendid baroque jewel.

Perhaps most significant of all, the Georgians (supported in their endeavour by Gosteleradio in Moscow) made no bones whatsoever about the *raison d'être* for the whole affair: the Good Ship Gruziya was chosen to serve not only as an attractive festival venue but also, and more importantly, as an effective springboard for contacts with future international co-production partners, possibly paving the way for mutual collaboration between East and West. For, beginning on January 1 next year, all film and television studios in the Soviet Union are due to go on an economic self-financing and self-sufficiency system. Whether or not Gruziafilm and Gruziatelefilm, Georgia's separate but interrelated production studios, can survive under these circumstances is crucial to the welfare of the proud republic.

In this regard, however, even the most sceptical critics believe it will be at least three years before any need for state funding might surface. And consequently, Georgia, with its rich cultural traditions, was on full display on the Gruziya. Besides a handful of prominent TV-productions presented in the Golden Fleece competition, a retrospective of 50 film and television productions testified to a remarkable native skill.

Of course, the test of any international film and television festival is found in its main course rather than the desert. And the competition programme, although somewhat lacking in across-the-board Western television fare, had much to commend it. Besides the Channel Four win in the Feature Film section, Ann and Jeanette Petrie's *Mother Teresa* (USA) was awarded the Grand Prix in the Documentary Films section just hours before the same film received two Emmys (for direction and editing) in the States. And a ZDF/ORF co-production, *Leonard Bernstein* (West Germany/Austria), was an odds-on favourite from the start to win the top award in the Musical Films section: it shared this prize ex aequo with a Georgian ballet-film, *Twelfth Night*.

Among the awarded TV-productions of and about the Soviet Union, some were indeed extraordinary. Elizabeth Gotberg's *Soviet Union — No Holds Barred?* (Swedish Television) explored some of the burning political realities and historical secrets in this vast and complex country with the conciseness pronouncedly lacking in Ted Turner's episodic *Portrait of the Soviet Union* (TBS United States).

Hagi Shein's *Dance in a Wheelchair* (Tallintelefilm Estonia) treated the plight of the disabled in a straightforward and compassionate manner, until now a nigh impossible documentary project to undertake in Soviet television. And Sergei Potipalov's *Cry for Help* (Lenfilm for Leningrad Television) makes no bones about the exploitation of country youths struggling for survival as illegal aliens.

Just as poignantly revealing were three Georgian TV-productions. L. Gordeladze's *My Gypsies*, based on a story by Nodar Dumbadze, offers insights into a fading culture in this corner of eastern Europe. S. Chkhaidze's *Shvidkatsa (The Seven-Man Chorus)*, one part of a television serial, captures for posterity an echo of Georgian polyphonic singing in a rural area in which all seven of the singers are in their nineties or over. And Georgi Levashov-Tumanishvili and Michael Antadze's *Moon Globe* takes the pulse of an inhabitants of an apartment complex as they prepare for a self-styled community variety show. A fiction-documentary about the foibles of common folk, it draws immediate comparison with the truths improvised on camera by Fellini, Milos Forman and Dusan Makavejev — albeit Georgian-style, for every second citizen in this Soviet republic is a natural-born performer.

Finally, among those video cassettes carried on-board by Soviet television directors to present to the public on an ad hoc basis, Ravshan Otkirov's *Chronicle of Times That Were Stopped* (Uzbektelefilm) well deserves to be singled out on documentary content alone. Fresh from the editing-table, this 65-minute account of the crimes of Akhmadzhan Adylov, formerly the head of a complex of 12 collective farms in Uzbekistan, depicts field labour camps, secret underground prisons, and a ring of mafia leaders whose influence reached to official circles in Moscow. The documentary had been approved for television release just before the Golden Fleece festival opened.

Fidelio

FESTIVAL HALL

The concert performance of *Fidelio* by the London Philharmonic Orchestra on Saturday was a pendant to that of *Leonore* given by the same forces six evenings earlier. The experience of witnessing and comparing Beethoven's first and final thoughts on the same operatic subject as it were side by side has been extraordinarily valuable: the familiar conclusion — that Beethoven was right in everything in every change he made — has been confirmed while at the same time the special beauties of his original operatic vision have been made newly manifest.

In a way, the two performances have been geared, unintentionally no doubt, to showing *Leonore* in its very best light. That performance was conducted by Roger Norrington with speed, lightness, energy, and a wonderful conception (even if the LPO failed to realize it to the full) of airy clarity in the orchestral parts. The conductor of Saturday's *Fidelio*, Kurt Masur, was apparently determined to give no quarter to Norrington in matters of speed: this was by a long chalk the fastest "live" performance of the opera I have ever heard.

But, while one supposes Masur's aim to have been the unimpeachable one of achieving seamless dramatic momentum, it was speed imposed on the opera from without; he showed hardly a care for lyrical instrumental lines, inner balance, or illumination of detail, and so the ultimate effect was hectic, breathless, unpleasantly coarse. The great moments were unceremoniously whisked by — "Töt' erst sein weib!" went almost unremarked — and, as the spoken dialogue had been cut down to the barest minimum (or beyond), the conductor's obviously sincere determination to give us a bare-bones, no-frills account of the opera began to seem terribly ill-judged, if not actually crass.

It was hard, in the circumstances, to measure the full potential of Eva-Maria Bundschuh in the title role. The East German dramatic soprano (whom I very much admired as Bayreuth's Ortrud this summer) was making here her British debut; the virtues she displayed — clear diction, solid vocal production, stamina, and a usefully expansive top register — were old-fashioned ones, and thoroughly welcome, but there was never much in the way of line, or lyricism, or emotional intensity to complement them. One was inclined to give her Leonore the benefit of the doubt, however, and to request a repeat hearing under a less hard-driving conductor.

Klaus König's Florestan has recently been heard at Covent Garden, and Peter Hall's 1979 Glyndebourne production first introduced us to Curt Appelgren's Rocco, Elizabeth Gale's Marzelline, and Ian Caley's Jaquino — all of them here encountered at a relative disadvantage. (The singers were placed behind the orchestra, as in *Leonore*, but this time on a raised platform: still a mistake, though now a less burdensome one). Nicholas Folwell's Pizarro was promising, somewhat small-scale, David Wilson-Johnson's Fernando crisply enunciated. The vigour and confidence of LPO chorus provided some of the evening's few moments of purely musical pleasure.

Max Loppert

Chamber Orchestra of Europe

ELIZABETH HALL

Gidon Kremer's association with the Chamber Orchestra of Europe has been cemented over a series of residencies at the summer festival which Kremer organises at Lockenhaus in Austria. His concert with the COE on Friday, therefore, was much less a star soloist's guest appearance with yet another orchestra than a exemplary piece of democratic music-making, in which the violinist fulfilled the multiple roles of leader, conductor and soloist with enormous panache. The shape of the evening, though, was very much Kremer's own — none of the items could be described as regular concert fare, and three were positive rarities.

The most familiar was, paradoxically, the most contemporary. Arvo Pärt's *Fratres* exists in several versions from chamber dimensions upwards and Kremer began with the most beguiling of them, in which a solo violin is set against strings and single wind. The ingredients are characteristically simple but they are sorted with unerring skill, and the melodic shapes lodge in the memory. Kremer applied all his expressive powers to the solo line, and lapping against the cool precision of the accompanying lines, provided yet another meaningful layer in the texture. Its economy certainly contrasted with the prolixity of the Concerto for string quartet and wind band by Ervin Schulhoff (1894-1942), a Czech pupil of Reger and Debussy who died in a Nazi concentration camp. On the evidence of this 1930 piece, his music contains a good deal of Stravinsky (the Octet in particular) mixed with portions of Hindemith and jazz, but conciseness and cogent development were evidently not among his virtues.

Kremer's own transcription for string orchestra of Chaikovsky's Third String Quartet was not as successful as one might have hoped. The work is heard too rarely in the concert hall, and anything that might increase its popularity would be worthwhile. Kremer varied his textures intelligently and switches between solo quartet and full strings where appropriate, but those contrasts served to underline what is lost in lyrical flexibility and focus by such an expansion. Despite the agility and precision of the COE the scherzo became heavy-footed and the intricacies of the first movement lost their fibre; only the slow movement gained in grandeur.

Another arrangement, a recently unearthed transcription for violin, apparently by Schumann, of his Cello Concerto was quite mysterious. The programme notes offered no details of the discovery nor of the provenance of the manuscript — was it really the composer's own work, and therefore made before he heard the cello version, which was not performed until four years after his death, or merely authorised by him?

The gains over the original are the expected ones of balance and brightness, especially when the solo lines is combined with upper wind, and the decrease of tonal weight is mitigated by transferring passages to the violin's G string. It is at best a curiosity, but anything that stretches Kremer's interpretative brilliance still further is a good thing; no other contemporary violinist would put together a programme like this, obtain such sparkling performances, and leave his unique mark on every aspect.

Andrew Clements

ARTS GUIDE

September 30-October 6

OPERA AND BALLET

London

Royal Opera, Covent Garden: the long-awaited new staging of Wagner's Ring by Yury Lyubimov, conducted by Bernard Haitink, begins at the beginning, with Das Rheingold. James Morris (Wotan), Kenneth Riegel (Loge), and Ekkehard Wlaschiha (Alberich) head the cast. Also in repertory: Turandot, with Gwyneth Jones in the title role, and a lively revival of Elijah Moshinsky's production of Die Entführung aus dem Serail, conducted by Jane Glover, with an impressive Constanze in Mariella Devia.

English National Opera, Coliseum: The Barber of Seville, an unsuccessful Jonathan Miller production now overhauled, returns with Della Jones's sparkling Rosina at its head; Stephen Barlow conducts. The new production of La traviata is one of David Pountney's unidiomatic, hectoring incursions into 19th century opera, relieved by Helen Field's very English but touching heroine and fine Verdi conducting from Mark Elder. Similarly unsatisfactory ENO accounts of repertory operas come from the revivals of Carmen and Tosca, though the latter is at least strongly sung by Janice Cairns, Edmund Barham, and Malcolm Donnelly.

Paris

Opéra. Rigoletto conducted by Alain Lombard/Alain Guingal returns to the Palais Garnier after 18 years absence, with Neil Shicoff/Taro Ichihara, Alain Fondary/Manuguerra and Alida Ferrarini/Christine Barbaux. It alternates with JuliusCaesar conducted by Jean-Claude Malgoire, a specialist inbaroque music: Nicholas Hytner presents a production ofremarkable beauty spiced by flashes of irony. The title role issung by Graham Pushee, Cleopatra by Felicity Lott (bookings47425371, information in 3 languages 47425750). **Palais des Sports.** Alvin Ailey and the American Dance Theatre present the Suite Afro-Caraibes for bird with love and revelations. Until Oct 16 (Bookings 48284090; information 48284048).

Vienna

State Opera. In repertory: Le Nozze di Figaro conducted by Franz Welser-Most, with Margaret Price, Sylvia McNair, Bernd Weikl, Heinz Zednik. L'Italiana in Algeri conducted by Claudio Abbado, with Agnes Baltsa, Patrizia Pace, Ruggero Raimondi, Georg Tichy. Lucia di Lammermoor conducted by Rico Saccani, with Luciana Serra, Paolo Coni, Richard Burke. Simon Boccanegra conducted by Claudio Abbado, with Gabriele Lechner, Anita Gonda, Giuseppe Taddei. Boris Godunov conducted by Mark Ermler, with Ludmila Schemtschuk, Robusto Yachmi and Noriko Sasaki. Maria Stuarda by Donizetti, conducted by Ion Marin with Agnes Baltsa, Maria Zampieri, Ana Gonda (51444, ext 2660). **Volksoper.** In repertory: Das Land des Lächelns; Hoffmanns Erzählungen; Mignon by Thomas (new production), conducted by Ernst Maerzendorfer, Tiefland by Eugen d'Albert, conducted by Konrad Leitner; Die lustige Witwe conducted by Rudolf Bibl; Madame Pompadour by Leo Fall, conducted by Rudolf Bibl (51444 ext 2663).

Berlin

Deutsche Oper. Los Alamos, specially composed for the Berlin Opera by Marc Neikrug will have its world premiere this week. The cast is led by Angela Denning, William Dooley, Wolfgang Trautwein and conducted by Arturo Ramayo. Katja Kabanowa has fine interpretations by Karan Armstrong, Patricia Johnson, Helga Wisniewska and William Cochran. Fidelio is also scheduled.

Hamburg

Staatsoper. Der Barbier von Sevilla features Janice Hall, Yoko Kawahara and J. Patrick Raftery. Der fliegende Holländer is respectable with Mechthild Gessendorf, Siegmund Nimsgern, Robert Schunk and Harald Stamm. Die Zauberflöte has Hellen Kwon, brilliant as Queen of the Night. La Bohème brings Cristina Rubin, Patricia Wise, Urban Malmberg and Geoffrey Moses together.

Cologne

Opera. Turandot has Olivia Stapp, outstanding in the title role with Hubert Mohler, Dieter Schweikart and Juan Lloveras in other parts. Das Gesklinmerchen, the first opera by Gerhard Konzelmann, received controversial reviews on its premiere. Faust in Willy Decker's production, is sung in French with Ulrich Hielscher (Mephistopheles), Robert Bork (Valentin), Josef Protschka (Faust) and Ashley Putnam (Margarete).

Bonn

Opera. Semiramide, newly produced by Pier Luigi Pizzi, stars Cheryl Studer and Kathleen Lohlmann. Norma is revived with a new cast led by Rosalind Plowright in the title role, Florence Quivar (Adalgisa) and Giorgio Merighi (Pollione).

Frankfurt

Opera. Der Wildschütz features Julie Kaufmann, Ilse Gramatzki and William Workman. John Cage's Europeras 1 & 2 with Michael Shamir, June Card, Anny Schlemm, Seppo Ruohonen and William Workman. William Forsythe's ballet New Sleep-Die Befragungdes. Robert Scott and Skinny rounds off the week.

Milan

Teatro Alla Scala. A co-production by the Ballet National de Marseille and the Berlin Deutsche Oper of Roland Petit's Ballet L'Angelo Azzuro, based on the novel by Heinrich Mann, with music by Marius Constant and scenery by Josef Svoboda. The cast includes Luciano Savignano, Roland Petit, Jeanne-Pierre Aviotte and the singer Molva (now well known outside Italy for her dramatic performance of songs by Kurt Weill) (Tues, Wed, Thurs) (80.91.26).

Turin

Teatro Regio. Last two operas of Wagner's ring cycle produced by Gianfranco de Bosio and designed by Attila Kovacs and Santuzza Calì. Zoltan Pesko conducts Siegfried with Ortrun Wenkel, Graham Clark, Gerd Brenneis and Heinz Ecker, and Götterdämmerung with Stella Doz, Reinhild Runkel, Wolfgang Schöne and Camilla Uebershaer.

Florence

Teatro Comunale. Virginio Puecher's production of Verdi's Simon Boccanegra conducted by Myung-Whun Chung, with sets by Raffaele del Savio based on sketches of those used for the 1881 performance at La Scala (done under Verdi's careful supervision). Giorgio Zancanaro sings the title role, with Maria Chiara and Sandra Pacetti alternating as Amelia and Mario Malagnini, Franco Sioli and Bonalfo Giaiotti (2779236)

Tokyo

Bolshoi Ballet. Raymonda. Tokyo Bunka Kaikan (235 1661)

New York

Metropolitan Opera (Opera House, Lincoln Center). The season opens with a repertory including Julius Caesar, Il Trovatore, Das Rheingold and Lucia di Lammermoor. (362 6000).

New York City Opera (State Theater, Lincoln Center). The week features Jay Reise's Rasputin, which was commissioned by the company, and is conducted by Christopher Keene and directed by Frank Corsaro, with John Cheek in the title role. The week also includes the new production of Rigoletto, conducted by Elio Boncompagni and devised and directed by Tito Capobianco, along with Lotfi Mansouri's new production of Il Barbiere di Siviglia, conducted by Sergiu Comissiona (496 0600).

Chicago

Lyric Opera (Civic Opera House). Donato Renzetti conducts Miriam Gauci as Lisa and Frank Lopardo as Elvino in Sandro Sequi's production of La Sonnambula (332 2244).

FINANCIAL TIMES
BRACKEN HOUSE, CANNON STREET, LONDON EC4 P4BY
Telegrams: Finantimo, London PS4. Telex: 8954871
Telephone: 01-248 8000
Tuesday October 4 1988

From here to infinity

AT LEAST the Pharaohs knew what the pyramids were for. But can the same really be said of the great army of scientists and administrators at the National Aeronautics and Space Administration (NASA) in relation to the space shuttle programme? The successful launch and return of Discovery was a magnificent technological achievement and a notable feat of bravery on the part of the astronauts. Yesterday's successful outcome also underpins the future of NASA, which has been in question since Challenger blew apart in the disastrous accident of 1986. Yet the wider purpose of it all remains curiously elusive.

There are, of course, scientific rewards to be had from the shuttle programme. The Discovery astronauts have conducted a handful of experiments, but few expect spectacular results. Nor is the shuttle regarded as ideal for planetary probes. Whether this is the best possible outlet for scarce scientific resources is questionable — especially when there are nagging doubts about the scale of risk involved in manned space flight in relation to rewards that would, in many cases, be obtainable from unmanned exploration.

Strategic arguments

Much the same goes for the strategic arguments. The Pentagon undoubtedly attaches considerable importance to a programme that will put a number of satellites for navigation and intelligence gathering into space. Yet much of this could perfectly well have been done by disposable rockets. The extent of technological overkill in the US space programme becomes apparent when comparisons are made with the Soviet Union. The Russians launch more rockets of much simpler design and capability. And they are reported to be able to launch surveillance satellites more quickly in response to specific events arising from regional conflict.

As for the economic benefits, the arguments will be familiar to those who have followed the saga of Concorde. Now that NASA has forfeited its commercial launch business as a result of the 1984 Commercial Space Launch Act, most of the gains come from the technological spin-off. But that, of course, raises the question of whether there might not be greater spin-offs to be had from other things — or indeed a more worthwhile return on a project that is economically viable. Meantime public funding for NASA will be running in the current year at more than $20,000 a minute. The pursuit of such prestige projects in a country which is the biggest debtor in the world and whose budget deficit has been running at more than $150bn will no doubt be the envy of every Third World leader. But can it really make sense for the US?

Public opinion

Surely not. For it is transparently clear that the whole American space programme from Apollo to the orbital manned space station mooted for the 1990s has been geared as much as, or more, to keeping US public opinion on NASA's side as to genuine scientific merit. Heroics by the astronauts are the key to continued funding; yet the heroics are not necessary for the achievement of most of the scientific goals to which the American space programme is committed.

It seems unlikely that these objections to NASA's current activities would carry much weight with the 200,000 or so people who assembled in California's Mojave desert to celebrate Discovery's return to earth. How much influence they may have on the two presidential candidates is largely a matter for conjecture. In fairness, though, it should be said that there is something uplifting for the great mass of people in the way humanity confronts the challenge of space exploration. NASA's efforts are infinitely more worthy than Imperial Rome's bread and games.

The trouble is that no one has yet devised a budgetary mechanism that allows for individual choice in the matter. If the Pharaohs had a clearer idea of where they were going, it seems doubtful whether their budgetary arrangements were any better.

Why commodity pacts fail

THE successful conclusion at the weekend of talks between coffee producers and consumers is a reminder that international commodity agreements can still show a little life even though many in the West would prefer to think them moribund.

However, the International Coffee Organisation has done little more than buy time for its members, with its complicated export quotas intended to bring prices back into the agreed range of 120 to 140 cents per lb. The present International Coffee Agreement which sets export limits for all its members is due to expire next September. Since the two largest consumer members, the EC and the US, have said they will not accept a continuation of the present agreement, fundamental questions will need to be asked about the structure of the pact and indeed whether it is necessary at all.

The justification for commodity agreements when they achieved international respectability in the 1960s and early 1970s was to promote stability in prices which would be to the advantage of consumers as much as producers. Buffer stocks, it was hoped, could be depleted in times of shortage and built up during a glut. Both sides would contribute to the cost of the stock and both would alternately benefit.

Tangle of politics

However, as a House of Lords select committee argued a decade ago, the theoretical difficulties are formidable, even without allowing for the tangles of politics and commercial rivalry. First, the system can only be sustained if the price range chosen is close to the equilibrium at which supply and demand would naturally balance in the medium term. Time and again commodity agreements have come adrift from this anchoring principle.

Secondly, without effective control over production, buffer stocks have to be very large relative to the market if they are to stabilise prices for more than a short period. The International Rubber Agreement has encountered the opposite difficulty of exhausting its buffer stock in a commendable effort to keep prices below the permitted ceiling. On the other hand, the spectacular collapse of the International Tin Council three years ago showed the fate of a genuine long-standing commodity agreement which had degenerated into a *de facto* producer's cartel piling up unnecessary stocks.

The difficulties of the rubber agreement also raise the question of whether the natural price level has escaped, so to speak, from the band set for it, largely as a result of increased demand.

Less controversial

The problem of finding a "correct" price for coffee is perhaps less controversial than for many more economically vital substances, because coffee drinkers in the West may not mind paying a little more for their beverage if the extra goes to farmers in poorer countries. The fact that the coffee agreement is not associated with a buffer stock also means that producers have to carry all the cost of lost production needed to shore up the price.

In the coffee market, like that for cocoa and even oil, price determination is greatly complicated by changing demand patterns for different grades. Coffee consuming countries claimed something of a victory this weekend for increasing the supply of higher grade arabica beans which had become some 40 to 50 per cent more expensive than the less favoured robustas. However, this widening differential was the product of distortions created by the agreed quotas.

It is not clear whether much purpose is served by industrial nations continuing to take part in such agreements. The argument that joining a true commodity pact is a help to less well off countries should not be dismissed out of hand. But this is not an efficient form of aid, because excessive prices cannot be sustained indefinitely and because the benefits are not always directed to the most needy.

Nevertheless, most commodity agreements have collapsed under the weight of their own contradictions, rather than because of withdrawal of support from the West. That is as it should be, for political rather than for economic reasons. Those few that survive are not very effective, but neither are they doing much harm.

Guy de Jonquières reports on how US multinationals are preparing for 1992

WHO will be the real winners in the race to exploit the European Community's single market? In Washington and Tokyo, suspicions are growing that the EC will rig the rules to suit the home players. But in Europe, equally strong fears are voiced that the biggest prizes will be snatched away by powerful American and Japanese competitors.

If muscle and knowledge of the terrain are important, the odds in favour of US multinational industrial companies look impressive. Many first crossed the Atlantic decades ago and have built up a spread of operations and depth of experience in European markets equalled by few of their local or Japanese rivals (see below).

Until only a year or so ago, many US multinationals were openly sceptical about the EC's single market programme. They believed either that it was unlikely to get anywhere, or that if it did, it would have only a very limited, technical, effect on their business.

Since then, a striking change in attitudes has occured. Today, managers of many US industrial subsidiaries say European markets are being shaken by a chain reaction of upheavals. They also say they must rapidly reappraise their own corporate strategies — in some cases, radically.

"What is happening out there is much more important than 1992 the date or the legislative programme," says Mr Andrew Napier, head of government affairs at Ford of Europe. "The degree of business uncertainty is increasing dramatically in Europe. If we continued business as usual and waited for 1992 to help us, we would be overrun."

"All of a sudden our customers and competitors are starting to believe in the single market," says Mr John Riggs, general manager of Kodak's European region. "If people act as though 1992 is here, then as far as we're concerned, it's here."

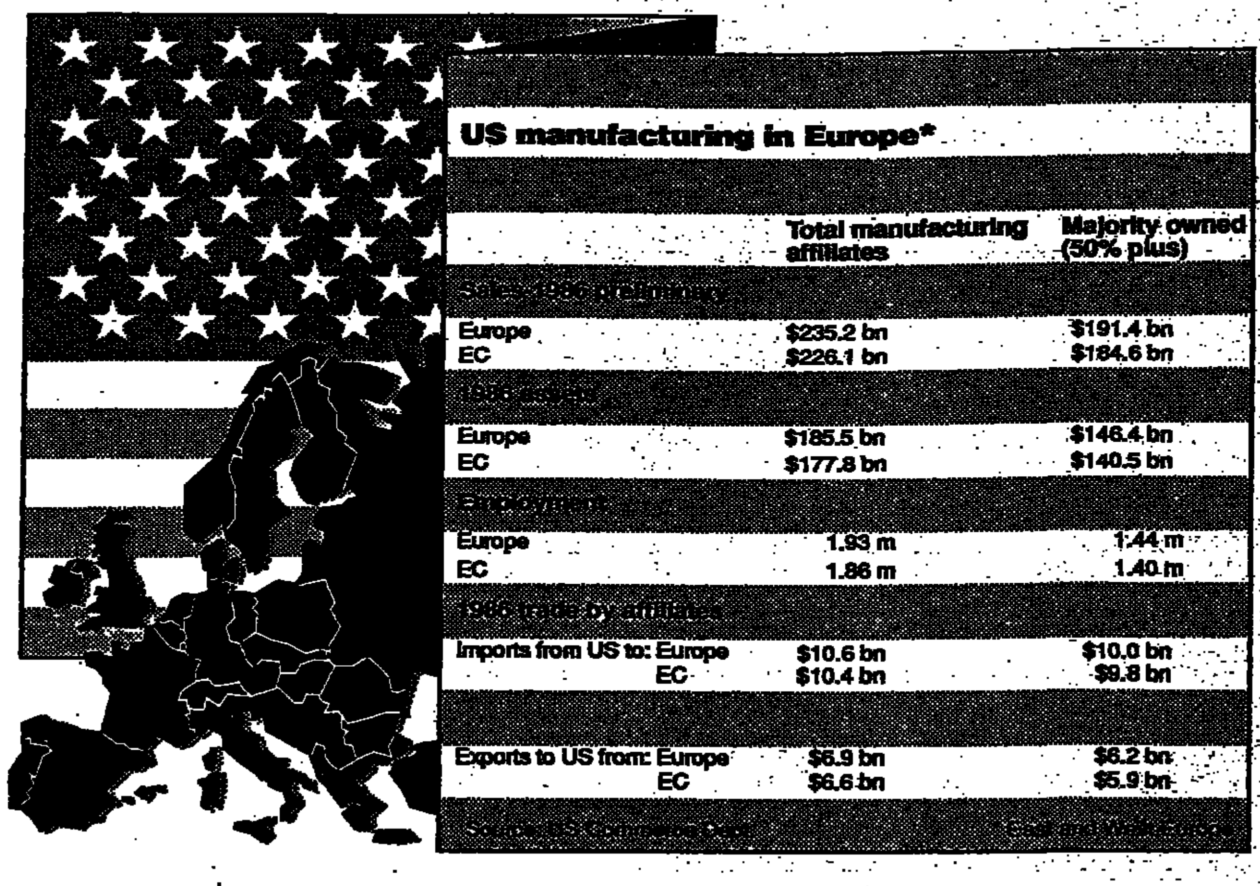
Some companies are doing some basic rethinking. At Ford, for instance, a 1992 task force is reviewing the company's operations in detail and is due to submit fully-costed proposals for change to top management late this year. Others are accelerating measures already planned. 3M, the diversified consumer and industrial products manufacturer, has recently advanced by up to three years some elements of a five-year European reorganisation programme.

Though the shift in the business climate affects different companies in different ways, the majority say it is most apparent in their dealings with customers. The growth of cross-border acquisitions and mergers is producing fewer, bigger corporate customers in many sectors — and increasing their bargaining power. Many US manufacturers also expect their national distributors to join up across borders to demand keener prices.

Consumer behaviour is expected to change too, though there is still much uncertainty about how quickly this will happen, and whether it will lead to more homogeneity of taste across Europe or more sharply defined market segmentation and specialisation by consumer group and region.

Transcending all else is the Japanese challenge. Many US industrial companies firmly believe that, however the EC seeks to protect itself, the Japanese presence is set to increase in Europe in the medium-term and will be the biggest source of competitive pressure in a single market.

Many US subsidiaries are already warily reassessing their pricing policies. At present, prices charged for identical products can vary widely between European countries — typically by 20 per cent in Kodak's case. Where local market conditions allow exceptionally fat margins, they invite competition from cheaper "parallel imports" shipped in from elsewhere.



US manufacturing in Europe*

	Total manufacturing affiliates	Majority owned (50% plus)
Sales 1986 preliminary		
Europe	$235.2 bn	$191.4 bn
EC	$226.1 bn	$184.6 bn
1986 assets		
Europe	$185.5 bn	$146.4 bn
EC	$177.8 bn	$140.5 bn
Employment		
Europe	1.93 m	1.44 m
EC	1.86 m	1.40 m
1986 trade by affiliates		
Imports from US to: Europe	$10.6 bn	$10.0 bn
EC	$10.4 bn	$9.8 bn
Exports to US from: Europe	$6.9 bn	$6.2 bn
EC	$6.6 bn	$5.9 bn

Waking up to the challenge

Pre-emptive realignment of prices across Europe would seem sensible. But some companies are worried that over-hasty action could cost them market share. Their analyses of geographic price variations are also revealing many unknowns about costs and markets. One US food company recently identified 40 different possible reasons why one of its products sold for more in West Germany than in Britain, but is still trying to decide which ones risk putting it at a competitive disadvantage.

Persistence of differential pricing in a Common Market long free of internal tariffs and quotas underlines two broader points. One is that, in many industries, national markets have remained compartmentalised more because few companies have contested them vigorously from outside than because of actual frontier barriers. The other is that, even though US manufacturing companies have expanded more aggressively across Europe than their local competitors, most are still far from being completely pan-European.

Many have integrated their development, manufacturing and distribution operations by standardising products and rationalising facilities into large units enjoying economies of scale. This process has increasingly been spurred by worldwide corporate strategies imposed by the companies' US headquarters in response to global competitive pressures.

However, their sales, marketing and service operations are often still divided into individual country units which operate largely independently of each other and are heavily influenced by the national characteristics of local managers and staff. As Mr Michel Odelga, director of international trade relations at Rank-Xerox, the office equipment maker, explains, this fragmentation will pose problems in the future.

"Today we cater for national major accounts, but tomorrow they will increasingly be European major accounts," he says. "That will mean a lot of internal change. Our contract terms, discount structures and service charges, even how we define a major account, vary right across Europe. We need to think hard about how we bill European accounts and how we measure the performance of our employees."

In many cases, corporate structures may need to be modified. However, Mr Eric Friberg, head of the Brussels office of McKinsey, management consultants, argues that this is the easiest part. It will be far harder, he says, for companies to effect "organisational change" — to get their managers and staff in different European countries to co-operate productively.

"That is what worries our clients most," he adds. "You don't change the differences between management styles in France and Germany overnight. The problem of putting together management cultures across borders is enormous." Furthermore, as more customers cross frontiers, jurisdictional problems may arise.

"If a customer in Hamburg opens an office in Brussels, we face the interesting and some times challenging situation of getting our people in Hamburg asking our people in Brussels to meet a set of requirements set in Hamburg," says Mr Michael Armstrong, president of IBM Europe. IBM has created special teams to mediate between its national subsidiaries which are increasingly busy.

Some existing management jobs may also be threatened. "We feel we need national sales forces everywhere, but will we need a national sales manager in every country?" muses Mr Riggs of Kodak. However, as Mr Ron Baukol, head of 3M's UK operations points out, such changes often meet strong resistance: "One of the biggest problems in doing things on a more European scale is that people fear losing direct control over product lines for which they've long been responsible."

Meeting these multiple challenges will pose a stiff test of companies' flexibility and cohesion. Many managers would agree with Mr Walter di Pretoro, head of EC affairs at Honeywell, the US controls manufacturer, that everything hinges on management culture and the attitudes of individuals. "If you don't get that right, everything else is dreams," he says.

With 1992 in mind, Honeywell Europe has launched an intensive programme to re-train several hundred managers. The emphasis will be less on formal business skills than on what Mr Jean-Pierre Rosso, its president, calls "soft issues such as culture, values, ethics, openness to new ideas — teaching that other people don't all think the same way." He also says that in future foreign language ability and experience in several European countries will be prerequisites for promotion to top management positions.

Perceptions of the problem, and of appropriate solutions, vary between companies. Some, like IBM, 3M and Monsanto, say their managers are already accustomed to co-operating across frontiers and are confident of their ability to adapt in future. None the less, in almost every case, the rapidly changing business climate has prompted renewed self-examination by companies long accustomed to looking on Europe as their own backyard. In the process, many are discovering that the toughest obstacles to treating Europe as one market lie not at national frontiers, but within their own operations.

Euro American or American Euro?

FIFTEEN years from now it is quite possible that the world's third greatest industrial power, just after the US and Russia, will not be Europe, but *American industry in Europe.*"

Much has changed in the 21 years since Jean-Jacques Servan-Schreiber made that prediction in The American Challenge. But US multinational companies remain a potent force in European economies.

Assets of US manufacturers in Europe totalled $185.5bn in 1986. Their sales there of $235.2bn were almost four times the value of direct US exports to the whole of Europe, of which about one sixth were accounted for by the Western companies' own internal shipments.

Many US companies have been in Europe so long that they have sunk deep roots in local economies. Their European subsidiaries employ almost 2m people, and many do development work and procure most of their materials and components locally.

"We make in Europe more than 90 per cent of what we sell here. Nobody else in our industry can make that statement," says Mr Michael Armstrong of IBM. He likes to quote Mr Jacques Delors, President of the EC Commission, as saying that "For us, IBM is a European company."

Yet, though they are often household names valued for their economic contributions, US companies are still not considered part of the family. The British Government's refusal to let Ford buy the BL car group in 1986 was a sharp reminder of this.

US managers worry that such ambivalence could harden into overt antipathy after 1992. They are increasingly anxious to be seen by European policy makers to be on the "right" side, both to safeguard their access to the single market and to ensure that they themselves are not hurt by discriminatory EC measures against Japanese firms.

Much as they decry publicly the idea of a "Fortress Europe", US companies have increasingly lined up behind EC industry on trade issues by, for example, demanding stiff dumping penalties on Far Eastern imports and mandatory local content rules on Japanese "screwdriver" plants in Europe.

Many of them believe it will be politically advisable to stress their European credentials still more in future. "Our efforts will have to become more visible. We'll have to do more research here and embark on more partnerships and share more technology with European companies," says Mr Rosso of Honeywell.

Mr Martin Kallen, chairman of the European arm of Monsanto, the chemicals company, is even blunter: "My viewpoint is that if you make sure you are 100 per cent self-sufficient within Europe, then how do you get hurt?"

OBSERVER

Scientific cooking

■ Professor Nicholas Kurti, the Oxford physicist who sees the kitchen as a laboratory for adventurous experiments, has a unique book on cookery coming out this month. With his wife Giana, Kurti has edited an anthology of food and drink written entirely by Fellows of the Royal Society.

The professor wrote personally to every one of the thousand or so Fellows and foreign members, inviting them to contribute a personal experience or experiment with food. They responded in large numbers and the findings took a year to write up.

The anthology, to be published by Adam Hilger, the scientific publisher, is called "But the crackling is superb". It comes from the diplomatic comment of a famous chef invited to Kurti's own dinner table, when he tried what the physicist admits was a less-than-successful experiment in tenderising pork.

It contains an account of experiments in boiling eggs in the Clarendon Laboratory, Oxford's physics department, the results of which may give pause to those who think they have mastered the subject.

ICI goes pink

■ Denys Henderson, the chairman of ICI, gave a lecture to the Society of the Chemical Industry in Berlin yesterday about how his company works and put special emphasis on selecting the right people. Apparently recruitment to the industry is now a serious problem because of what he called the "princely salaries" being offered to university graduates by the financial sector.

He also explained that expenditure planning in the company is conducted much as in the public sector. There is an annual process known internally as "hell fortnight" in which the executive team reviews the budgets of all the business units. It sounds like the British Government's annual Star Chamber, only shorter. The economic forecast, he said, which ICI always gets wrong is the exchange rate: again like some others.

Most intriguing, however, is the classification of the company's businesses into four categories: ongoing, strong, problem or new. These can be drawn on paper and are known as the Pink Quadrant, but turn out to have nothing to do with the Financial Times. The quadrant was devised by Alan Pink, head of ICI's central planning department. As illustrations, fertilisers are currently in the problem category; hybrid seeds are one of the most exciting new businesses.

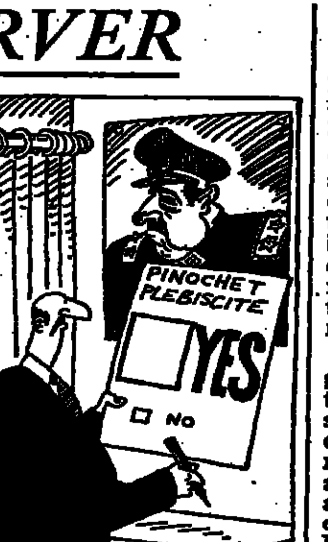
Arts next

■ After making a hit with her speech on matters green to the annual dinner of the Royal Society last week, Margaret Thatcher is now said to be turning her attention to the arts. The word is that she was very pleased to receive the Society's invitation because it gave her something to read in the summer. She wrote most of it herself, but did not expect it to be such a success: hence the lack of advance publicity. The arts are pencilled in for next summer.

Lewis moves on

■ Stephen Lewis's departure from UBS Phillips and Drew brings to an end an era in the gilt-edged securities market. The mantle of the market's top analysts passed from Gordon Pepper, formerly of Greenwell's, to Lewis some time ago and there is no obvious candidate to assume it now.

Lewis joined Phillips and



Drew in January 1970 as a trainee salesman and moved over to the economics area 18 months later — "when they realised I would be hopeless as a salesman". He stayed there ever since. By the time the Union Bank of Switzerland agreed to buy P&D, in 1984, he was a managing partner and a head of economic research.

However, 18 years is a long time to stay in one place and increasingly Lewis has been thinking of doing other things. The easing of his "golden handcuffs" made this as good as time any. His new venture will be called Fifth Horseman Publications, drawn from a title once conferred on him by Kenneth Fleet, the business columnist of The Times. It will provide a forum for his ideas on the gilts market.

Baker's tip

■ Kenneth Baker, the British Education Secretary, has taken his message about information technology to Moscow this week. He talked to a couple of hundred students at Moscow State University yesterday about the virtues of computers in schools. Perhaps he was a little controversial as well. "Nowadays," he said, "anybody with a personal computer and a laser printer can start his own magazine. The information technology revolution is bound to reduce the power of central bureaucracies. It recognises no international frontiers, no restricted access and no walls."

The message was met with good-humoured laughter, though whether because the students agreed or because of the poor translation was not entirely clear. One of them asked: "Would the Minister advise us on how to introduce capitalism into the Soviet Union?" Baker ducked.

Photogenic

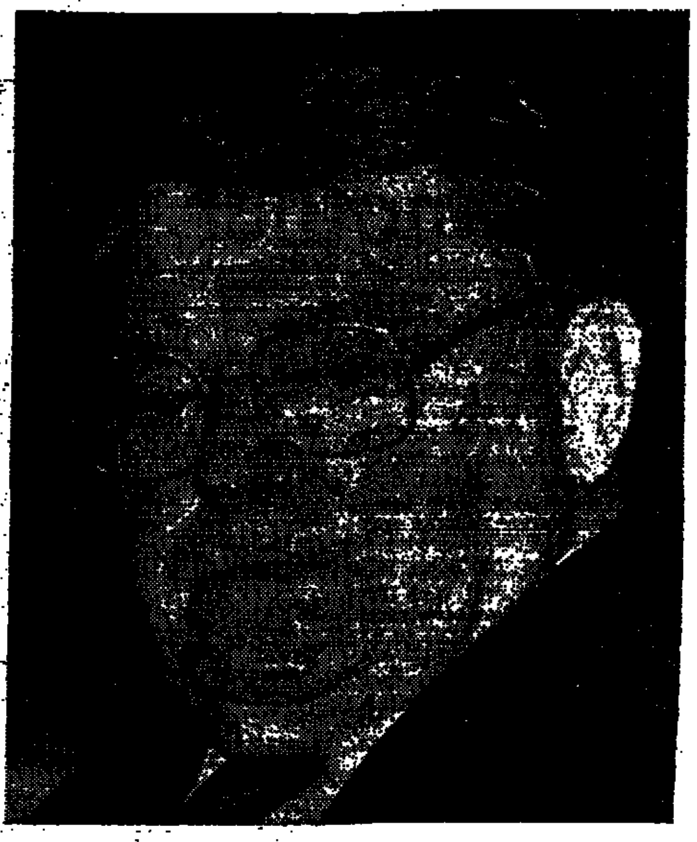
■ The National Portrait Gallery is currently holding an exhibition called by Women by Women. It is a small show consisting entirely of photographs of women taken by women photographers and there are only 13 altogether. Yet if you want a little glimpse of history, it is worth seeing. The photographs include Mrs Leslie Stephen, who was the mother of Virginia Woolf, the Pankhursts, Frances Louise Stevenson, who was the secretary, then wife of Lloyd George, a stunning Vivien Leigh, and from more modern times Margaret Drabble, the novelist, and Anita Roddick of the Body Shop. They are also available as the National Portrait Gallery's photographic calendar for 1989.

Not cricket

■ School test: "What is the annual publication that deals entirely with cricket?" Several pupils wrote: "Wicketer's Almanac."

David Marsh looks back on the life of Franz Josef Strauss

Bavaria's tempestuous lion



Franz Josef Strauss pictured last month

Mr Franz Josef Strauss, the Bavarian Prime Minister, who died yesterday aged 73, was post-war Germany's most colourful and most contentious politician – and one of its most able. Though the Chancellorship eluded him, Mr Strauss, a top minister in conservative-led governments in the 1950s and 1960s, played a key role in rebuilding West Germany's international voice and stature.

Strauss was a Bavarian patriot who presided over the transformation of his southern German state from a backward farming region to a European leader in high technology. He also had the somewhat un-German ability to project himself on the world stage.

While strongly emphasising West Germany's security dependence on the US, Strauss was a firm believer in forging political and technological links with the rest of western Europe. He remained to the end chairman of the supervisory board of the four-nation European Airbus consortium, the development of which was business, politics and hobby combined for Strauss, who piloted his executive jet himself.

Strauss embodied the authentic voice of German conservatism. But the last few years were clouded by political miscalculations and ill-concealed bitterness at being denied a return to a strong decision-making role in Bonn.

As Chairman (a post he occupied since 1961) of the Christian Social Union (CSU), the Bavarian conservative partner of the Christian Democratic Union (CDU), Strauss was a vital but sometimes unpredictable component of Chancellor Helmut Kohl's six year-old centre-Right coalition.

Over the past two years especially, Strauss's contempt for his long-standing rival Kohl took destructive form. Efforts by the "Lion of Bavaria" to take a stand over relatively minor issues spurred coalition infighting which badly damaged the policy cohesion of the Kohl government.

Bull-necked, tempestuous, a brilliant orator who could inspire love and hate in equal measure, Strauss was a man of extremes. Despite never attaining the highest office, he ranks with Konrad Adenauer and Willy Brandt as one of the trio who have left the strongest personal mark on the Federal Republic's political history.

His fine intellect and analytical powers went hand in hand with lack of self-control, indecisiveness and weakness of judgement which contributed to a tide of political setbacks over a long career. But in a country where politics – both in reaction to the excesses of Nazism and because of the complexity of the federal system – often appears bland, Strauss brought in a touch of professional showmanship.

Born on September 6 1915, the son of a Munich butcher, Strauss became South German junior cycling champion and graduated from university in Munich as the most brilliant classics scholar of his generation. Later he would pepper his parliamentary speeches with Latin. He served in an anti-aircraft unit during the Second World War, fought on the Russian front and was briefly an American prisoner of war.

On leaving the army, he turned to politics. He helped establish the CSU and entered the Bundestag as a founder member after the first general elections in 1949. He was a deputy until 1978, when he became state premier of Bavaria.

Called in as minister without portfolio in Adenauer's second government in 1953, Strauss took over as Minister for Atomic Affairs in 1955 and became Defence Minister the next year, putting into operation the delicate task of German rearmament after the country was given back sovereignty in 1955.

A scandal broke in 1962 which dogged the rest of Strauss's political career. After the news magazine Der Spiegel published an article on Nato allegedly betraying state secrets, police raided the magazine's offices and arrested its publisher. Strauss was held responsible for heavy-handed action against the publication and, after being accused of deceiving parliament, resigned.

Four years and an economics degree later, Strauss was back in the cabinet as Finance Minister in the 1966-69 Grand Coalition of the CDU and the Social Democratic Party. But this was to be his last Bonn government job.

With the conservatives banished into 13 years of opposition in 1969, Strauss led a rearguard fight against Chancellor Brandt's Ostpolitik of normalising relations with the East bloc and heaped regular doses of vitriol on the SPD's economic and social policies.

After Kohl failed to win the Chancellorship in 1976, Strauss ran against Schmidt in 1980. Put on the defensive by allegations of his extremism, Strauss was decisively defeated. He paved the way reluctantly for Kohl to take over as undisputed conservative leader when Schmidt's coalition tumbled in October 1982.

Strauss also had an unhappy campaign at the last general election in January 1987. In a bid to take the job of veteran Foreign Minister Hans-Dietrich Genscher, Strauss advocated a "toughening" of foreign policy – including easing of restrictions on weapons sales abroad. This lost votes and ended up strengthening Genscher and his Free Democratic Party.

Ironically for a man often portrayed as a hardline cold warrior, Strauss had a hand in spurring West Germany's recent improved relations with the Soviet bloc. Despite his rhetoric he could be a pragmatist too. He became on friendly terms with Erich Honecker, the East German leader, and helped negotiate a key DM 1bn credit for East Berlin in 1983. On a trip to see Mikhail Gorbachev at the end of last year – his first visit to the Kremlin – Strauss emphasised the need for improved trade and technology ties with Moscow.

Strauss's death comes at a symbolic moment. Many of the political ideas which he espoused – nuclear energy, the defence industry, market-oriented economics – have fallen from favour in the Federal Republic. New goals – above all rapprochement with the Soviet bloc – are coming to the fore.

In his home state of Bavaria, the CSU, without a clear-cut successor, faces a shaky future and could even be absorbed by the CDU over the next few years. Strauss, with his peculiarly Bavarian mixture of brains, cussedness and emotion, was an intrinsic part of the growing up process of the Federal Republic. That age, and the politicians who went with it, now seem to be gone.

FOREIGN AFFAIRS

Facing the new balance in the West

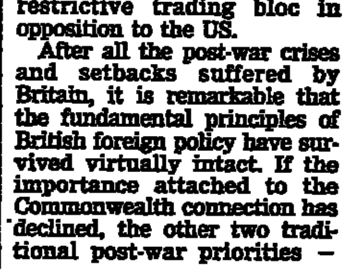
Robert Mauthner examines the changing foreign policy options confronting Britain

Does a medium-sized power on the western edge of the European continent, like Britain, have any real options in its foreign policy today? Mrs Thatcher's recent controversial speech on Europe suggests it has. But a Chatham House paper on the subject, to be published shortly, comes to the conclusion that such options are at best limited.

Superpowers can, to some extent, impose their policies on international events. "Second rank powers, even successful ones, need to look for opportunities at the margin, to seek to pursue their national interests in ways which do not cut too sharply across the preferences of their partners or the trend of economic and political developments," the authors argue.*

The history of British foreign policy since the Second World War shows that most British government leaders had a confused perception of the country's foreign policy objectives. General de Gaulle's famous dictum that, if faced with the choice between anchoring itself to the European continent or the open sea, Britain would always choose the latter option, was true for only a short period following the war, from which Britain emerged as one of the "Big Three" victorious allies.

It very soon became clear that British governments did not think they should be faced with such a stark choice. Britain, according to Sir Winston Churchill's doctrine, would exercise its desired world role from a focal position within three concentric circles representing transatlantic relations, the Commonwealth and Western Europe. Unlike General de Gaulle, they believed that all these objectives were compatible and, indeed, desirable to prevent the European Community from becoming a restrictive trading bloc in opposition to the US.



After all the post-war crises and setbacks suffered by Britain, it is remarkable that the fundamental principles of British foreign policy have survived virtually intact. If the importance attached to the Commonwealth connection has declined, the other two traditional post-war priorities – Western European and transatlantic co-operation – remain as central to British foreign policy as they ever were.

Indeed, Britain can justly claim that its insistence on the vital nature of the relationship with the US is now much more generally accepted within the European Community, including France, than it was in the early 1960s, when London was trying to force the Community's door. The need to contain Soviet expansionism by keeping up the West's military guard and, more recently, the successful conclusion of a medium-range nuclear arms control agreement between the two superpowers, have confirmed the US's key role in Western Europe's defence and East-West *détente*. The Atlantic Alliance is in as good a shape as it ever was, though that could change quickly if Washington's priorities are modified.

Another principle, which Mrs Thatcher likes to underline, is that a country's international influence is largely dependent on its economic performance. Britain, once universally derided as "the sick man of Europe", is probably held in higher esteem today than at any time since the 1950s. However much they might criticise Mrs Thatcher, what provokes the respect and admiration of other nations, above all, is the effectiveness of her policies, which have led to the revival of the British economy.

A healthy economy is an important foreign policy tool. Not only does it allow a country to devote sufficient resources to the pursuit of its international political and economic objectives, it is the precondition for a viable defence policy. Britain today spends proportionately more of its Gross National Product on defence than any other Nato country apart from the US, a situation which would be very difficult to sustain in a less favourable economic climate. Conversely, the long years of economic decline following the Second World War eventually obliged Britain to modify its foreign policy priorities, regardless of strategic considerations.

Firmly anchored in the EC, an influential member of Nato, a favoured partner of the US thanks to the close personal relationship between President Reagan and Mrs Thatcher, which also gives the Prime Minister a special role in the West's dealings with the Soviet Union, Britain is seen by many people to have got its foreign policy priorities just about right. But has it?

The problem is one of the future rather than the present. Britain's foreign policy stance could become woefully inadequate as the result of a rapidly changing international economic and political environment. The relationship between the US and its European allies, including Britain, could change quite radically over the coming decade or two as the Americans come to terms with the progressive loss of their dominant position in the global economy.

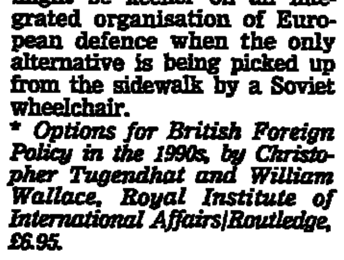
From being the world's largest creditor, the US has already become the largest international debtor nation, while Japan has taken its place as the world's leading financial power. The growing interdependence of the American, Japanese and other East Asian economies clearly has profound political implications and cannot but have the effect of switching Washington's attention away from Europe. That process is likely to be compounded by other economic factors.

The severe adjustment measures required sooner or later to deal with the large US budget deficits and the high level of indebtedness, must necessarily reduce the availability of funds to finance the US's military presence in Europe and increase the already persistent demands by Congress for a greater European contribution to the continent's defence.

Nor are the realities of the last decade of this century likely to allow Mrs Thatcher to exercise British and European influence on the US through the kind of cosy personal relationship she has built up with President Reagan, even if his successor feels the inclination to do so. If, as Mr Takeshita, the Japanese Prime Minister, has foreshadowed, the western world's problems should be settled through a triangular relationship between the US, Japan and the EC, then it is obvious that West Germany, as Europe's leading economic power, will play the leading role on the EC side.

However, it is in the field of security that a progressive reorientation of the US's geo-political priorities has the greatest implication and that Britain, with its nuclear deterrent and 55,000 troops in West Germany, potentially has one of the most important roles to play. The US's lower profile in Europe could achieve something to which the West Europeans have long paid only lip-service – the greater integration of their defence efforts.

For Britain, the really vital option of the next decade is whether to grasp that nettle or whether to leave West Germany, the country most concerned by the defence of central Europe and East-West *détente*, to pool its defence



effort with France or make its own arrangements with the Soviet Union. Learning to walk without a solid US crutch is likely to prove a painful and laborious business. But even the most intractable minds might be keener on an integrated organisation of European defence when the only alternative is being picked up from the sidewalk by a Soviet wheelchair.

* *Options for British Foreign Policy in the 1990s, by Christopher Tugendhat and William Wallace, Royal Institute of International Affairs/Routledge,* £6.95.

LETTERS

Dearer money will not encourage investment

From Mr L.J. Tolley

Sir, The problems of massive balance of payments deficits are now well and truly with us. They are symptoms of the serious long-term disease of a still declining manufacturing industry.

Higher interest rates may slow down demand a little but they will again cause those who felt that the time had come to re-create some of the manufacturing capacity we had previously allowed to disappear, to hold back.

Dearer money, and exchange rates (particularly the D-Mark and yen) maintained at a level higher than the economy justifies will do nothing to encourage the really large investment in manufacturing industry which is necessary if we are to reverse the trade balance situation.

One has only to check the announcements of companies which at one time formed the large manufacturing groups to see that they are still not investing in UK manufacturing, but prefer the easier and more remunerative policies of overseas investment and distribution of imports at home.

We are recording some apparent increases in output, productivity and investment but those of us engaged in real manufacturing are suspicious of these figures.

We know that much of "manufactured" output now comes from the inclusion of imported processed materials and components. In manufacturing it was always possible to show increased productivity and increased returns on capital by buying from others that which might normally be made in-house. Such importing has now reached a point in the UK where by increasing "manufacturing" output we may well contribute to a trade balance deficit instead of a surplus.

There is a tremendous job to be done in restoring a balanced manufacturing industry in the UK. Without it and its consequential wealth creation, overseas earnings and imports substitution, we shall sacrifice all the good work in our economy over the last few years by failing to pay our way in the world.

This will not start to happen until those responsible for our economy and our trade and industry recognise the need, and stop taking actions which allow financial manipulation and a usury society to take preference over the basic requirements for the re-creation of a thriving and prosperous manufacturing industry.

L.J. Tolley,
Excelsior Industrial Holdings,
Whitelands Road,
Ashton-under-Lyne, Lancs

A simple UK tax incentive in favour of savings

From Mr Howard Flight

Sir, Who would ever have expected the UK to plunge dramatically into current account deficit at a time of increase in an already significant government budgetary surplus?

The focus in the media has, to date, been on the reality of economic overheating, whether or not the hike in interest rates so far will be sufficient to check this, whether or not higher interest rates by themselves are an appropriate policy lever to reduce consumption and the depressing spectre of a return to the "stop go" cycle.

Few have considered the fundamental difference between the UK economic imbalance of 1988 and imbalances in the past.

A consideration of the basic economic equation – matching inputs and outputs – focusing on the current account position, tells all. The current account deficit or surplus should be equal to the government budgetary deficit or surplus less the extent to which investment exceeds savings.

Prima facie, with a budget surplus (unlike the US), the UK should be running a current account surplus unless substantial changes are occurring in the respective levels of investment and savings.

The data is notoriously unreliable, but it is clear that such changes are indeed occurring. Investment is up some 13 per cent, year on year, while the data on savings, unreliable though it is, shows savings having declined to a 30 year low.

A high level of investment is self evidently a very positive achievement for the UK economy. The swing from "dis"-saving to effective saving by the public sector – moving from a government deficit to a government surplus – has, however, been insufficient to offset the rise in investment and the decline in savings in the UK private sector.

Most of the public debate has focused on UK consumption rising too quickly and what measures will be effective in reducing it.

While the rise in consumption is admittedly "the other side of the coin" of the fall in savings, there has been virtually no focus on measures which might independently stimulate a higher level of UK savings in both the short and the longer term.

A major ingredient of Japan's economic success has been its continuing high personal savings rate (running at approximately 25 per cent of incomes); by contrast, the deeply entrenched American economic imbalance reflects a government budgetary deficit continuing at a level beyond that naturally financed by a very low US savings rate.

Apart from cultural issues, one of the factors driving Japan's high savings rate has been the fact that the returns on savings have been free of taxation.

Could I, therefore, suggest that a simple UK tax incentive in favour of savings might be an effective and less crude and painful route to correcting Britain's temporary imbalance than relying wholly on interest rates?

By way of example, the interest income on a savings contract which is fixed for a term of, say, two or three years, could be exempted from income tax. Up to now, the British have responded notoriously well to the incentives of income tax relief – eg the Business Expansion Scheme.

Higher interest rates, by themselves, are clearly an extremely blunt weapon to stimulate higher savings while damaging investment and, in particular, new business ventures.

A sharp positive turnround in the level of UK savings achieved without the random knock-on effects of a prolonged period of high interest rates should correct the UK current account deficit and avoid damaging the industrial recovery now going on in Britain.

Howard Flight,
Guinness Flight,
PO Box 442,
32 St Mary At Hill, London EC3

Pushing up interest rates 'a rather blunt weapon'

From Mr G R Bull

Sir, So-called money-lending "sharks" have been the subject of much criticism and legislation over the years. Quite rightly so, as they lure the innocent, naive and unsuspecting to take on loans on terms such that they cannot hope to meet the repayments. So people fall deeper and deeper into debt.

Earlier this year, the Chancellor's economic policies appeared to herald a new era – big tax give-aways and tumbling interest rates.

As a result, many people were lured into very heavy mortgage and credit card commitments; the house market and retail sectors were fuelled by government policy. Now we see a huge increase in interest rates and many families will suffer.

What, I wonder, is the difference between the old money lender and the present government? Surely pushing up interest rates is a rather blunt weapon in today's complex economic world.

G R Bull,
8 Highfields Close, Ashby-de-la-Zouch, Leicestershire

FINANCIAL TIMES
Tuesday October 4 1988

Voters poised to decide Pinochet's fate

On the eve of Chile's plebiscite FT correspondents examine the opposing camps

Right and left unite to vote No

By Mary Helen Spooner

SATURDAY's opposition rally for a 'No' vote against General Pinochet in this week's presidential plebiscite contained scenes which would have been nearly unimaginable to Chilean political observers a decade ago.

There was Hortensia Bussi de Allende, the 70-year-old widow of the late Socialist President Salvador Allende, being deferentially greeted by leaders of the Christian Democrats and rightist National Party, whose organisations waged bitter political warfare against her husband's government from 1970 to 1973.

There was Frederico Willoughby, the military junta's former press secretary and a one-time confidant of Gen Pinochet, being kissed by a Communist psychiatrist, Dr Fanny Pollarola.

Up on the stage, during an intermission between performances by Chilean rock bands and folk singers, the daughters of the late Presidents Allende and Eduardo Frei, a Christian Democrat whose administration preceded the ill-fated socialist government, raised their joined hands in the air in a kind of victory salute to the crowd.

The chummy atmosphere at the 'No' campaign's final rally may not provide the seeds for new political coalitions in a future legislature, but it illustrated the considerable variety in political attitudes among Chileans planning to cast their vote against the Pinochet regime.

Gen Pinochet's nomination as the plebiscite's lone candidate on August 30 appears to have reduced the number of undecided voters in favour of the opposition.

The new 'No' voters include several former regime officials, who earlier this year formed a group called Independents for Democracy which urged the junta to name a consensus candidate as a step towards national reconciliation.

Following Gen Pinochet's announced candidacy, the group said it would back a 'No' vote. The sight of one-time regime collaborators urging a 'No' vote infuriated many officials. In an improvised speech before retired military officers, Gen Pinochet said he wished former press secretary Frederico Willoughby had died, and attacked other former officials in less strident language.

Even government supporters concede that the 'No' vote will probably win in Santiago, though they expect to find much more pro-Pinochet sentiment in Chile's provincial cities and rural areas.

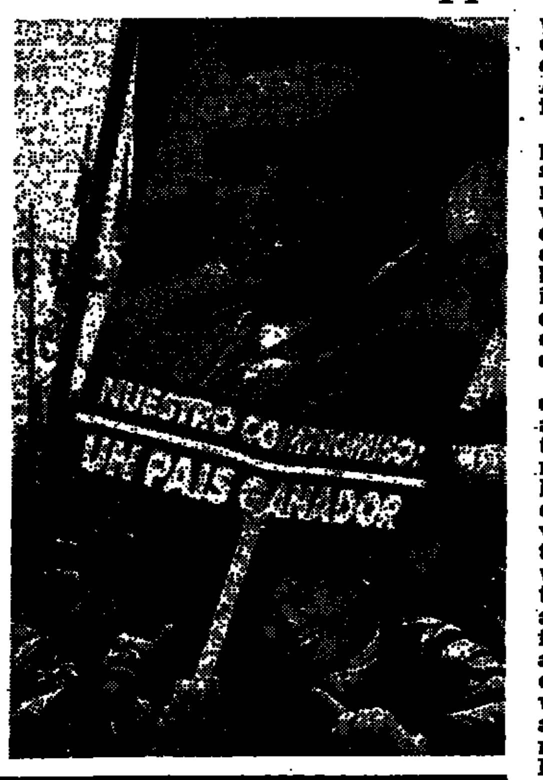
Opposition leaders are most concerned about the fear factor in voting behaviour, noting that many Chileans are still unconvinced that the balloting will be secret and hence may be too frightened to vote 'No'.

Earlier this year municipal officials in the town of Santa Juana in southern Chile distributed survey forms to local residents. The forms asked respondents how they planned to vote, and to give their names, addresses, identity card numbers and occupations.

Likely 'No' voters include sympathisers from Chile's left, the Christian Democrats and other centrist parties – who have long opposed the regime – along with a surprising number of right-wing and conservative Chileans.

Ideological questions aside, many Chileans simply feel that after 15 years of military government the country needs a change.

One Santiago businessman and farmer compared his decision to vote 'No' to wanting one's physician to remove a cast from a broken leg once the limb has healed.



Supporters of President Pinochet show their enthusiasm in Santiago on Sunday (above) while (right) young members of the opposition wave a defaced poster of the President on the eve of the plebiscite. Both 'Yes' and 'No' campaigns have drawn support from a wide political spectrum

Yes vote promises 'security'

By Barbara Durr

GENERAL Augusto Pinochet may not be widely loved but many Chileans will still vote for him tomorrow. The Sí (Yes) Campaign for Gen Pinochet has painted the choice as one for security and economic progress rather than chaos.

As the General's campaign manager, Mr Sergio Fernandez, who is also Interior Minister, put it: "What 'Sí' offers is a sure and secure path against the uncertainty of the 'No'."

Gen Pinochet himself was not featured in much of the campaign advertising on television during the last month of the campaign. Instead, the thrust was fear of communism, with frequent replays of demonstrations by the opposition, queues for food during the Allende years and a fire bombing by the radical left.

According to public opinion polls, a majority of those who said they would vote for eight more years of Gen Pinochet are women, and most are aged over 40. The pro-Pinochet voters are split economically between those of very low income and those at the high end of the social ladder. The opposition voters are more educated and younger.

The organisation of the Yes campaign is "sui generis", according to Mr Jorge Fontaine, a prominent businessman and the national chief of Independents for the Sí. On one side there are the conservative political parties and on the other a nationwide network of independent organisations. An earlier effort to shape a single national organisation failed because of divisions among the various pro-Pinochet forces. The independents wanted to maintain their autonomy and not be dominated by the political parties, Mr Fontaine said.

During the past year, civic committees and groups of labour leaders, professionals, women and students have been formed, giving Mr [illegible] a sizeable organised base.

"As a whole, the business community is for "Sí", Mr Fontaine said, but few business organisations have formally endorsed the option. An exception has been the National Organisation of Transport Owners, which has endorsed the Yes vote.

The most active parties for the Yes campaign have been National Renovation (RN) and the Union of Democratic Independents (UDI). However, partisan differences have made it impossible for them to work together. While UDI is directly pro-Pinochet, RN would have favoured a different candidate, preferably its own leader, Mr Sergio Jarpa.

Mr Jarpa has made it clear that he has favoured open presidential elections rather than a single candidate plebiscite.

THE LEX COLUMN

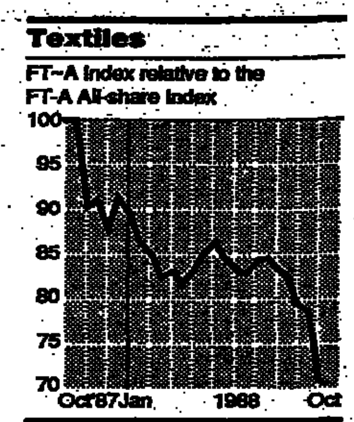
A fine time for another BP sale

If the British Government had deliberately set out to punish the Kuwaitis for their brash behaviour over BP, they could scarcely hope for a better moment to demand a sale of as much as £1.6bn of stock. In the last two days the oil market seems to have lost its nerve, and the cosy consensus that there was a safe price floor well into double figures has been destroyed.

The cause of the latest fall below $12 a barrel was the apparently harmless statement that oil prices could fall to $5 or below if Saudi Arabia produced to the top of its vast productive capacity. However, coming from the lips of the secretary general of Opec it has knocked nearly $1 off oil prices in two trading days. Subroto's remarks have removed the chief surviving prop to the oil price: the implicit belief that Opec simply would not let things get out of hand. The balance between supply and demand may not be much worse than it was two weeks ago, but now the market no longer expects discipline to be shortly restored and prices to jump back towards $15 a barrel.

The parallels with the summer of 1986 are too strong to ignore: production is at least 1.5m barrels a day above consumption, and the gap is rising, while divisions between Opec members are, if anything, stronger than two years ago. While many analysts are predicting that oil prices may once again fall to $10 or so before the meeting in November, this time the chances of a great leap afterwards do not seem so great. Even if Opec can pull off another surprise on quotas, the market may take some convincing that a new "agreement" would not end up in the middle of the existing one.

Textiles



RBS/Santander

In most industries fashions come and go, but there can be few industries like banking where the same fashions reemerge with monotonous regularity. Over the years most banks with any ambitions on the international stage have agonised over whether it was better to go it alone or spread their risks in joint ventures – and their views have tended to change almost as frequently as the top managements of the institutions concerned. At the moment, consortium banks and banking clubs are out, and yesterday the Royal Bank of Scotland and Banco Santander underlined the industry's current love affair with banking "alliances".

Of course, every such alliance is individually crafted to meet the particular sensitivities of the parties involved, and any suggestion that this was some sort of defensive share swap or the precursor of an eventual Spanish takeover have been rudely rejected. Both banks are well run and profitable institutions but lack the critical mass of a Barclays or Deutsche Bank; to exploit all those wonderful 1992 type opportunities. It is hard to fault the logic; but the track record of joint ventures in markets such as Germany or Belgium – which neither owner knows well – is not particularly impressive, and the potential conflicts of interest, such as who bails out the subsidiary when it runs into trouble, can easily sour the best-intentioned relationships.

Although this is a much more positive move than some of the other recent alliances, the KIO's gentlemanly decision to reduce its stake in the interests of promoting Anglo-Spanish banking harmony will inevitably reduce the speculative appeal of Royal Bank of Scotland stock.

Tootal

To judge from the share price alone, it is difficult to avoid concluding that the market thinks of Tootal as the best of a bad bunch. Tootal's shares may have lost 18 per cent of their value relative to the market over the past 12 months; but they begin to look positively buoyant when put in the context of a 47 per cent relative decline at Coats Viyella and a 30 per cent tumble at Courtaulds. Since that day a fortnight ago when confidence in the sector as a whole departed along with the market's hopes of slightly less awful interims from Coats, the latter two companies have sunk to a rating of around seven times prospective earnings while Tootal has emerged on a p/e of closer to 8½.

Arguing Tootal's near-term superiority to Coats will not strain anyone's credulity: Coats' business is being slammed by imports, and not even sterling at $1.69 is going to sort that problem out straightaway; while Tootal – whether by accident or design – is virtually invulnerable to such threats. Giving Tootal a 1½ point head start over Courtaulds in the ratings, though, seems distinctly more perverse: half of Courtaulds' business has nothing at all to do with textiles or even fibres. However, just because Courtaulds may deserve a higher rating does not mean it is going to get it; and with Tootal's shares unwilling to wander far from last May's 98p rights issue price, any rating change there also looks unlikely.

GKN

The average GKN shareholder evidently shudders at the very name Westland, believes that there are too many helicopter companies in Europe and fails to see the sense in putting together a manufacturer of tanks with one of helicopters. To judge by yesterday's 16p fall in the GKN share price, they reckoned that by taking a stake in Westland, GKN was simply doing the Government a favour at their expense.

The response may be understandable, but it seems to be the wrong way of looking at a deal which combines some long-term promise with few short-term risks. GKN is buying into a business at the bottom of its cycle on 11 times earnings, is paying no premium to the market price for its stake, and is accepting no earnings dilution. The deal gives it the freedom to make a full bid in a couple of years when the expected pick up in profits has materialised, and when its balance sheet will be better able to take the strain. For now the total investment is only £48m, making the market's response – to reduce GKN's total market value by £40m – seem a little hysterical.

Meanwhile, the big strategic benefits are a bit more difficult to assess. While it is true that defence contracts are getting larger and more sophisticated, GKN's vision of its central role supplying the battlefield of the future all seems a bit distant for even the most long-sighted shareholder.

Gorbachev promotes personal ally to powerful republic post

By Quentin Peel in Moscow

MR Mikhail Gorbachev, the Soviet leader, yesterday forced aside another leading member of his Politburo and promoted a close personal ally to become the Prime Minister of the powerful Russian Federation.

His move, the third part of a radical shake-up of the Soviet leadership, puts his own man, Mr Alexander Vlasov, in the key executive position of the country's most important constituent republic of the Soviet Union. Mr Vlasov was promoted only on Friday to become a candidate member of the ruling Politburo, as Interior Minister.

He replaces Mr Vitaly Vorotnikov, 62, a full Politburo member who steps up to become President of the Russian Supreme Soviet. In that role he could become executive president of the republic next year – himself responsible for the appointment of the Prime Minister – but it seems more likely that he has been kicked upstairs.

Although originally a supporter of Mr Yuri Andropov, the Soviet leader who paved the way for Mr Gorbachev and his reforms, Mr Vorotnikov hedged his bets over the subsequent succession – making effusive speeches about Mr Konstantin Chernenko who defeated Mr Gorbachev to take over for a year before he died.

He has been a lacklustre Prime Minister of the Russian Government, which was recently criticised in the Council of Ministers for failing to produce a balanced economic plan.

The latest reshuffle brings to four the senior members of the Politburo moved to less influential positions, in addition to the two members pushed into retirement – Mr Andrei Gromyko, the State President, and Mr Mikhail Solomentsev, chairman of the party control committee.

Those unsettled – but by no means removed from the leadership – are headed by Mr Yegor Ligachev, the Kremlin number two now responsible for agriculture instead of ideology and personnel. That does seem to be a clear demotion.

The others are Mr Viktor Chebrikov, forced to give up chairmanship of the KGB, the state security committee, to oversee legal reform from the party central committee secretariat, Mr Nikolai Talyzin, former chairman of Gosplan, the state planning committee, then First Deputy Prime Minister in charge of light industry and now merely an ordinary Deputy Prime Minister in charge of relations with Comecon.

Du Pont sets date for ban on CFCs

By Peter Marsh in London

DU PONT, the US chemicals company which is the world's biggest producer of the industrial gases believed to be damaging the ozone layer, said yesterday that it would support a complete ban on production of the materials by the end of the century. Effecting the ban could cost more than $100bn, the company said.

The gases are chlorofluorocarbons (CFCs), which are widely used in refrigeration and air-conditioning equipment, packaging materials and aerosols.

Scientists believe the gases are responsible for a thinning of the ozone layer, high in the atmosphere, that stops damaging solar radiation reaching the Earth where it can cause skin cancer.

Yesterday's statement from the US's biggest chemicals company means Du Pont has moved further than an announcement in March when it promised to stop its own production of CFCs by an unspecified date.

It also links the company to calls for a much stronger response to the ozone problem than that set out under an international treaty concluded last year in Montreal.

Under this treaty, many of the world's major industrial nations have already agreed to halve current CFC production levels by 1998.

Mr Tony Vogelsberg, an environmental manager at Du Pont's CFC division, said in London that the total worldwide cost of complying with a complete ban by the year 2000 would be more than $100bn.

About $5bn of this cash would be spent by chemicals companies in setting up new plants to make alternative materials to CFCs.

The rest would cover the costs to be paid out by companies and individuals which have to replace equipment such as air-conditioning systems that currently use CFCs but which would not run on the substitute gases.

Mr Vogelsberg said the cost involved in replacing equipment was probably an underestimate. The US alone contains some $135bn worth of plant that uses CFCs, according to Du Pont.

Mr Vogelsberg said Du Pont planned over the next decade to spend $1bn in the US on plants to make new CFC substitutes. It was spending $30m a year on research and development in this area.

He said the company would support calls for a strengthening of the Montreal treaty which are likely to come in the next year under the auspices of the United Nations. Scientists from around the world are reviewing the ozone question at a UN technical meeting in The Hague later this month.

Mr Mack McFarland, a Du Pont scientist who is on an international panel examining the CFC issue, said Du Pont had been convinced by scientific evidence that ozone depletion due to CFCs was very serious.

He said it was possible that scientists were underestimating the extent of the problem. This was due to a lack of understanding of how chemicals affect gases in the atmosphere.

Du Pont is responsible for about a quarter of the world's production of CFCs. Current world output is about 1m tons a year, worth roughly $1.5bn.

Other leading producers include Allied-Signal of the US, Britain's Imperial Chemical Industries, Akzo of Holland and Atochem of France.

Change of focus at Du Pont, Page 28

Taiwan retreats on share tax

By Bob King in Taipei

TAIWAN'S financial authorities have apparently succumbed to pressure from investors and stockbrokers and have changed a revision of the law concerning taxes on securities transactions – announced last week – that has seriously affected trading on the exchange.

The Government said yesterday that it had raised the ceiling on taxable securities transactions from Taiwan $3m to $10m (US$105,000 to US$350,000) and had cut the tax on individual transactions from 0.3 per cent to 0.15 per cent.

That decision followed an earlier announcement by Ms Shirley Kuo, the recently appointed Finance Minister, that the Government would reimpose a capital gains tax on stock-market earnings of more than Taiwan $3m, beginning January 1. A year later, the minister said, the Government would begin taxing all capital gains from the market.

Ms Kuo's announcement, which was delivered just before the nation began a 4½ day holiday from noon on September 24, drew widespread criticism from investors who feared that the new measures would cause stock prices to collapse from a previous high of 8,789.78.

Hundreds of investors have besieged the Finance Ministry in recent days to demand that the Government rescind its decision. Many observers feared that the Taiwan index would collapse as a result of the new capital gains tax. But Taiex regulations that place daily upward and lower limits of 3 per cent on individual share prices – plus the fact that no one can sell if no one is willing to buy – provided a braking effect.

On Monday, the index dropped by another 215 points to 7,990.75 points from the previous record high of 8,789.78 on the Saturday of the initial announcement. But traders were encouraged by the fact that transactions crept upwards to Taiwan $8.5bn – far less than the average volume of Taiwan $40bn to $50bn recorded before the announcement, but far better than the Taiwan $280m in shares that changed hands last Thursday, the first trading day after the announcement.

WORLD WEATHER

Banks form alliance

Continued from Page 1

Credit du Nord Belge. There will be co-operation between the investment banking arms of the two groups and in the development of technology, as well as possible joint acquisitions in countries where neither bank currently has access to a branch network.

The two banks will also establish a joint venture in Gibraltar to provide offshore banking services targetted at high net worth individuals.

Mr Winter said that the Spanish and British authorities had been consulted about this step and that the move had "no political connotations."

The most striking part of the arrangement is that it will cost both banks much less than they would have to pay to achieve similar results through acquisitions. Dilution of their earnings should be minimal.

Royal Bank is to pay £52.4m ($88.5m) in cash to Santander, as well as issuing it with 7.57m new ordinary shares.

Strauss' death blow to Bonn

Continued from Page 1

toria – in January, demonstrated his ability to draw the limelight from the Chancellor.

Both countries paid tribute to Mr Strauss yesterday. Mr Pik Botha, South African foreign minister, called him a great statesman and personal friend; Tass, while saying the Bavarian leader never shed his anti-communism, described him as a person capable of dialogue.

FINANCIAL TIMES
COMPANIES & MARKETS
Tuesday October 4 1988

INSIDE

Saurd advances step-by-step

Not one for the small talk of Parisian salons, Mr Pierre Suard, chairman of Compagnie Générale d'Electricité, the French telecommunications and heavy engineering conglomerate, appears content to steer clear of the Byzantine manoeuvrings that continue to feature in the city's business life. Suggestions that his job may be threatened by the recent change of government have failed to change his tactic of lying low and pursuing a step-by-step approach to turn CGE into a multinational operation. Page 28

End to storm in the coffee pact

They got there in the end. It took well over a fortnight to negotiate and emerge as one of the most complex commodity agreements ever. The importance of the International Coffee Organisation's deal on total export quotas for 1988/89 lies in the acceptance by producers of the consumers' idea that quotas should be biased to get more arabica coffee onto the market at the expense of the less prized robusta. The deal also means that negotiations for a new coffee agreement next year should be easier. Page 46

Lure of Luxembourg

The lure of Luxembourg as a place to do business has been underlined by the Minorco bid for UK-based mining group Consolidated Gold Fields. Ever sensitive about references to "tax haven", the Grand Duchy is nevertheless enjoying unprecedented prosperity as a financial and banking centre in the run-up to the 1992 deadline for the European Community's internal market. Tim Dickson examines the attractions of Luxembourg and some of the problems that may lie ahead. Page 34

Du Pont sprouts new lines

Big opportunities for growth have been identified by Du Pont, which is pushing to add new products like drugs and electronic imaging systems to its traditional business of basic chemicals such as fibres and high-volume plastics. Peter Marsh explains how the US company expects new high-value areas of chemicals to be providing the lion's share of the sector's growth and profits during the 1990s. Page 26

Market Statistics

Companies in this section

Chief price changes yesterday

FRANKFURT (DM)				BAFIP	418	+	28
Falls				Midi	1520	+	81
Nixdorf	412	−	11.5	**Falls**			
Daimler	692	−	14	Jaleo	585	−	42
Mannesmann	170.1	−	2.4	Chargeurs	1216	−	61
NEW YORK ($)				Sereg	610	−	25
Rises				**TOKYO (Yen)**			
Fairchild	14⅝	+	¼	**Rises**			
Falls				Michiaa	680	+	100
Coca-Cola	42¾	−	1	Taito	1640	+	160
Digital Eqp	92½	−	1⅜	Takashimaya	1440	+	120
IBM	114⅞	−	1	**Falls**			
INCO	9⅛	−	2	Konica	1000	−	200
Paradyne	5	−	½	Tokyo Rope	2240	−	230
PARIS (FFr)				Koito MFG	2660	−	240
Rises							
Luchaire	359	+	32				

New York prices at 12.30.

LONDON (Pence)							
Rises				Fisons	247½	−	4½
Allied-Lyons	465	+	7	GKN	306	−	16
Berry Wiem'er	167	+	6	Glaxo	£10⅝	−	⅜
Buckleys Brew.	147	+	9	ICI	£10¼	−	⅜
CRG	502	+	23	Lex Service	374	−	10
Illingworth M.	225	+	21	LASMO	558xd	−	26½
Wassall	226	+	11	Lonrho	335	−	10
Falls				Pilgrim House	194	−	8
BSR Int.	64	−	7	Sun Life	£10$\frac{1}{16}$	−	⅞
BP	287	−	5½	Westland	105	−	5
Cons Gold Flds	£12¾	−	¾	Willis Faber	234	−	11
Enterprise Oil	630	−	43				

Grand alliance to carve out a niche for 1992

David Barchard and Peter Bruce on yesterday's European banking deal

YESTERDAY'S alliance between Royal Bank of Scotland and Banco Santander of Spain is a bold bid by two relatively small banks to stake out a place for themselves in the unified European financial markets after 1992.

The advent of a single European market creates a dilemma for small and medium-sized national banks such as Royal Bank with assets of £20bn ($33.8bn) and Santander (assets £15bn) which are not large enough to establish themselves single-handedly in the different national markets of the Twelve, but are unwilling to be relegated to the role of small players protecting local niches after 1992.

Under the terms of the alliance, the chairman of each bank will join the other's board. Each bank is to exchange 2.5 per cent of its equity with the other, and Santander has a further 2.5 per cent of Royal Bank's equity, acquired from the Kuwait Investment Office. Santander's German and Belgian subsidiaries will be owned on a 50:50 basis, and there will be co-operation in services, joint ventures, marketing and technology.

This is not the first cross-border alliance between European banks with an eye to 1992. Société Générale of Belgium and Amro of the Netherlands struck a similar pact earlier this year.

However, it is the first to involve a British bank, and it has strikingly increased Royal Bank's visibility in the European markets. Though it has several branches across the English speaking world, and a small subsidiary in Switzerland, it began this year with only one operation in the European Community outside the UK - a branch in Piraeus, Greece.

Royal Bank of Scotland is the sixth largest bank in the UK after the Big Four clearing banks and Standard Chartered. It has spent the 1980s steadily expanding operations and trying to establish itself as a major – and hopefully bid-proof – player alongside the larger London-based banks.

It has absorbed the operations of its English subsidiary, Williams & Glyn's, and now has a network of 850 branches throughout the UK. Last April it launched a $440m bid for Citizens, a regional US bank based in Rhode Islands, as a springboard into the American market.

Earlier this year, Mr Charles Winter, the chief executive of Royal Bank, let it be known that he was putting out feelers for a co-operative venture with a European bank. This led to Santander's approach in April, to which Royal Bank says it reply affirmatively "within hours."

Mr Winter said yesterday that Royal Bank had already identified Santander as a most suitable partner for a European joint venture. Outside Spain, Santander was known for the aggressive entry it had already made into north European banking markets by buying into the German, Belgian, Swiss and Italian markets.

Lynne van der Meer

Royal Bank's Charles Winter (left) and Emilio Botin, chairman of Banco Santander

Early last year, for about DM150m ($80.2m), Santander bought Bankhaus Centrale Credit (BCC) a small West German retail bank with a lucrative Visa card operation from Bank of America. That gave the Spaniards 31 branches in West Germany and its first real taste of business outside of Spain.

Santander, now Spain's fourth biggest bank in terms of profits, turned its nose up early on at merging with a Spanish bank, arguing that the best way to prepare itself for the full liberalisation of Spanish banking in 1992 was to begin attacking foreign markets.

The bank, founded in 1857 in the northern port of Santander and still largely in the hands of the powerful Botin family, floated small portions of its stock in New York, London and Frankfurt well before any of its local rivals had the courage to do so and has indulged itself – by Spain's cautious standards – in a rush of foreign share swaps and acquisitions in the past 18 months.

The Botins have also helped pave the way for the Kuwaiti Investment Organisation, KIO, to enter Spain. KIO, which already had an substantial stake in Royal Bank of Scotland, is thought to have played an important role in bringing the two institutions together.

In May, Banco Santander announced it had bought Crédit du Nord Belgica, the small Belgian arm of France's Crédit du Nord, and in July, after months of haggling, it secured 30 per cent of Istituto Bancario Italiano (IBI) a commercial bank based in northern Italy from the big Italian savings group, Cariplo. In return, Cariplo took 30 per cent of Banco Santander's Catalan subsidiary, Banco Jover.

Banco Santander's new merchant banking arm, Banco Santander de Negocios, had set up an investment management operation with S.G. Warburg, the UK securities house, and just last week the Spanish bank announced it had taken a 10 per cent stake in the thrusting new Portuguese bank, Banco de Comercio e Industria, which has its headquarters in Opporto. The Spanish, who say they are likely to increase this holding, have also converted a Swiss finance affiliate into a bank and are actively looking for an acquisition in France.

The Royal Bank of Scotland stake is, however, in a league of its own, and it breaks an important psychological barrier for Spanish bankers who have traditionally regarded British high street banking as a closed shop.

The alliance between the two is a bold gesture, but what will it lead to? The two banks say they are not contemplating a merger, but without fuller involvement, including a larger equity sharing, the alliance may not lead to significant growth.

Another possibility, being canvassed in London yesterday, was that the two banks see the deal as a way into each other's markets – and that this outcome may be even more attractive to Santander than it is to Royal Bank, given the aggression of the Spanish bank and the size of the UK market. "I see this alliance as slightly defensive by Royal Bank and slightly aggressive by Santander," was how one London bank analyst summed up the deal.

KIO has Midland stake of over 5%

By David Lascelles, Banking Editor in London

THE KUWAIT Investment Office has extended its interests in the UK by acquiring a stake of just over five per cent in the Midland Bank, the third largest clearer.

The KIO announced through its London office yesterday that it had bought 1.5m shares, or 0.27 per cent, last Thursday. Added to the shares it had previously accumulated, these brought its total stake over the five per cent level at which it has to be disclosed.

The news brought a slight recovery in Midland's shares which had lost 10p in early trading. They closed down 7p at 414p, valuing the KIO stake at £118m ($197m). The KIO gave no reason for the purchase. A spokesman for the Midland Bank said "Nothing would lead us to believe that it is not in the context of their normal investment policy."

The UK's new Banking Act requires that the Bank of England be informed of all stakes over five per cent. Although the Bank cannot block any stake of less than 15 per cent, there is unlikely to be any official objection to the investment since the KIO own stakes in at least two other UK banks, and has been a passive investor.

For some time they had 15 per cent of the Royal Bank of Scotland, but recently sold 2.5 per cent to Banco Santander to facilitate the new alliance created by Santander and the Royal Bank. The KIO may simply have switched the proceeds from that sale into the Midland shares.

Chinese official seeks HKSE seat

By John Elliott in Hong Kong

A TOP official of the Peking-based Bank of China is seeking to become a member of the Hong Kong Stock Exchange's new council, which is being elected later this month at the end of a year-long clean-up campaign following last October's crash and subsequent corruption scandals.

The move by Peking to establish a voice in the affairs of the exchange ahead of the end of British sovereignty in 1997 is being made at a time when economic links between Hong Kong and the mainland are increasing rapidly. The official is Mr Chao Shing On, aged 62, chairman of the Hong Kong-based Chung Mao Securities and of Po Sang Bank, both of which are part of the Bank of China group.

Various Chinese state-controlled companies are believed to be considering applying for quotations on the Hong Kong exchange. Such a move could possibly be initiated before the end of this year by China International Trust and Investment Corporation (Citic), a leading Peking-controlled finance group which has operated in the colony since 1980.

A list of 26 candidates for election to 18 stock exchange council seats was published yesterday. The election takes place on October 17, two days before the first anniversary of the worldwide equity crash which had a severe impact on Hong Kong. The names have been chosen by a nominating committee of the exchange and approved by Sir David Wilson, Hong Kong's Governor.

They include no members of the council that ran the exchange before the crash and which was subsequently discredited. Nor do they include nine members of the existing 14-strong management committee who are likely to figure in some way, for example as witnesses, in a trial of eight former officials of the exchange. A preliminary hearing on the charges, which include corruption, is due to take place on October 13.

All nine were advised by senior officials not to put their names forward this year. However, one of them, Mr Henry Wu – who is chairman of the Hong Kong Stockbrokers Association – insisted that his name should be included and was then removed from the list by Sir David. One third of the council seats will come up for re-election next year when the candidates will be cleared by a nominating committee and a new securities watchdog appointed by the government.

The election of the council will be quickly followed by the announcement of its new chairman, expected to be Sir Quo-wei Lee, chairman of the Hang Seng Bank, who is one of five nominated members. A new chief executive – expected to be Mr Francis Yuen, managing director of Citicorp Scrimgeour Vickers – will also be announced. Mr Yuen will take over from Mr Robert Fell, who has held the job temporarily during the clean-up operation.

The candidates for the council are relatively young, with an average age of 45. They are divided into three sections chosen to ensure that corporate firms such as Jardine Fleming and Citicorp are represented as well as individual brokers.

Mr Tony Fung, 37, director of Sun Hung Kai Investment Services, one of Hong Kong's biggest brokers, features on the list of corporate candidates and is a possible deputy chairman of the council.

Texas Air and SAS set to reveal pact

By Sara Webb in Stockholm and Anatole Kaletsky in New York

SCANDINAVIAN Airlines System (SAS) and Texas Air, the US airline, are expected to announce in New York today a co-operation agreement which would give the Scandinavian carrier more destinations in the important US market.

SAS, which currently flies to New York, Seattle, Los Angeles, and Chicago, has been searching for suitable hub partners in North America which would allow it to fly from Scandinavia to a US destination and then transfer passengers to a local airline.

According to press reports, SAS has made an agreement with Eastern Airlines and Continental Airlines, both owned by Texas Air. SAS refused to comment yesterday.

Texas Air is not only America's biggest airline, but also its most controversial. Through Eastern and Continental, Texas Air has enjoyed a market share of 17.6 per cent of passenger miles flown by domestic passengers in the US. Its leading market share has been won and held, however, by a strategy of deep discounting

Texas Air lost $256m in its second quarter this year. In the past 18 months, the company's net losses have mounted to $846m and its long-term debt now stands at almost $5.5bn.

But the company offers a huge route network spreading over the US, radiating from Continental's main hubs at Newark, Houston and Denver and Eastern's principal centres at La Guardia in New York and Miami.

In addition, Texas Air is now the leading US carrier to Latin America.

Eurotunnel cost rises by 7.2%

By Kevin Brown in London

THE CHANNEL Tunnel is on target to open in May 1993, but will cost 7.2 per cent more than forecast, the Anglo-French Eurotunnel consortium said yesterday.

Total costs are expected to be £5.227bn ($8.88bn), Eurotunnel said in its report for the six months to June. This compares with a forecast of £4.874m in the corporation's prospectus, issued last November.

Eurotunnel said the build-up of costs was caused by cost overruns, tunnelling delays, and the creation of a 300-strong project implementation division to monitor progress.

Mr Alastair Morton, the consortium's British co-chairman, said the rate of increase in costs was unlikely to be sustained. He ruled out a rights issue to raise extra funds.

Mr Morton said Eurotunnel expected to begin drawing down a £5bn syndicated bank loan early next month, after the conclusion of consultations with the 209 syndicate banks.

Eurotunnel expects to have spent £800m of its £1bn of equity finance by the end of this month. The balance of £200m will be a shareholders' float, to cover any temporary financing problems.

Eurotunnel said revised traffic forecasts produced by its French and US consultants indicated that revenue in the first year of operations would be 5.9 per cent higher than forecast.

The revised forecasts indicate an increase of 15.9 per cent in passenger traffic on Eurotunnel's shuttle services, with small increases in freight. However, the forecast for passenger traffic using British Rail international services has been reduced by 6.6 per cent.

Eurotunnel said the number of international train passengers would be increased by at least 10 per cent if a dedicated high-speed rail line was built from London to the tunnel. Such a line is unlikely to open before 1996.

Mr Morton said Transmanche-Link, the construction consortium building the tunnel, was behind schedule on two of the three tunnels being excavated. TML faces penalties of more than £10m if it fails to extend the the UK seaward service tunnel from 3.06km to 5km by November 1.

"We have an equipment and a management problem which is in the process of being resolved," Mr Morton said.

GKN pays £48m for 22% stake in Westland

By Andrew Hill in London

GKN, the UK engineering group, yesterday paid £47.8m ($80m) for a 22.02 per cent stake in Westland, the British helicopter manufacturer, and said that its long-term aim was to gain a controlling interest in the company as part of its strategy of expanding its defence interests.

GKN purchased almost all of a 14.64 per cent stake in Westland held by Hanson, the UK-based industrial holding company.

It also bought a complex mix of ordinary shares, convertible preference shares and warrants from Fiat, the Italian car and aerospace engineering company, which acquired 7.97 per cent of Westland as part of the controversial 1986 rescue package.

Lex, Page 24

Sir Ron Brierley builds a 5.2% holding in Vickers

By Ray Bashford in London

SIR RON BRIERLEY, the New Zealand entrepreneur, has acquired a 5.2 per cent stake in Vickers, the engineering to Rolls Royce cars group, during the past six weeks.

The announcement that IEP Securities, part of the Brierley group of companies, has purchased the Vickers holding followed a flurry of recent speculative activity in the company's shares. They closed yesterday 4p higher at 171p.

The shares have remained buoyant despite interim figures released last month which showed a 4 per cent decline in Vickers pre-tax profits to £24.5m.

Another antipodean entrepreneur, Mr John Spalvins, who heads Adelaide Steamship, has been on the Vickers share register for a year, and at present holds a 2 per cent stake.

Reviewing operations, Sir Ron said in New Zealand yesterday that the group has a "lot of strategic holdings and will be looking at a lot of opportunities in the UK over the next few months."

The major UK Brierley investments include stakes in Ultramar, Ocean Trading and Transport and Molins.

Vickers has been aware for several weeks that there was a large buyer in the shares and was informed a week ago by advisers that at least 3 per cent had gone to one group.

Bouygues denies seeking assistance from Maxwell

By Paul Betts in Paris

BOUYGUES, the leading French construction and communications group whose shares have come under heavy pressure during the last few days, said yesterday that it had not asked Mr Robert Maxwell's help to fend off the threat of a hostile bid.

"Mr Maxwell does what he likes but no request for help was made," a Bouygues official said yesterday following Mr Maxwell's disclosure in a newspaper interview at the weekend that he had acquired a stake of nearly 5 per cent in the company.

Mr Maxwell claimed in the interview that he had bought the Bouygues stake as a defensive move to protect his 13 per cent stake in TF-1, the privatised television network in which Bouygues has a 25 per cent stake and management control.

Mr Maxwell added that he was not interested in Bouygues construction operations but wanted to reassure himself that a hostile party was not building up a stake in the French group as a means to wrest control of TF-1.

Although Bouygues yesterday was keen to emphasise that Mr Maxwell was acting on his own initiative, it also added that relations between Bouygues and the British publisher were "friendly and cordial."

Indeed, relations between Mr Francis Bouygues, the veteran founder and chairman of Bouygues, and Mr Maxwell are known to have been good.

Bouygues announced on Friday that it and its friendly shareholders, including Credit Lyonnais and the Suez financial group, controlled 45 per cent of the voting rights in the company. Credit Lyonnais and Suez also reiterated their commitment yesterday of intervening in the market if Bouygues shares continued to come under siege.

After rising by 40 per cent in two sessions last week, Bouygues shares fell back 15 per cent on Friday on profit-taking and a subsidence in speculation. But the company's declarations, coupled with Mr Maxwell's statements, failed to calm the atmosphere yesterday on the bourse, where Bouygues shares were again actively traded. After opening lower, they made an early gain of about 4.5 per cent toFFr625 before slipping back to FFr602 by mid session. Bouygues closed at FFr598 last Friday.

For some time there has been speculation over Bouygues, since the group, the world's largest construction company with annual sales of about FFr50bn ($7.85bn), has long been regarded as posing eventually a major succession problem when Mr Francis Bouygues steps down.

Mr Bouygues has built up the company in post-war France virtually single-handed and continues to play a dominating role on the management of both the construction business and of TF-1.

Rémy takes 56% of champagne house

By Our Financial Staff

REMY MARTIN, the French cognac house, announced yesterday that it had acquired 56 per cent of the voting rights in Piper-Heidsieck, one of France's last family-owned champagne houses, through a friendly transaction worth FFr565m (US$88.8m).

The move will turn Rémy into France's fourth-biggest champagne concern. Rémy & Associes, a Rémy Martin subsidiary, has also offered to buy all additional shares of the company at the same price of FFr2,600 per share from minority shareholders over the next 15 trading sessions on the Paris Stock Exchange.

This would value all of Piper-Heidsieck's voting stock at roughly FFr1bn.

Rémy Martin said the purchase was aimed at increasing sales volume and complementing its current champagne labels, which include Charles Heidsieck and the luxury brand Krug.

The purchase would also allow Piper-Heidsieck to retain a French distributor after the purchase of its former partner, Martell, by Seagram of Canada in February.

The sale of the 56 per cent stake in Piper-Heidsieck, made last Friday by the D'Ales family group, covered 217,340 voting shares.

Piper-Heidsieck is France's fifth-largest champagne exporter. Attributable net profits were FFr19.1m in 1987, on turnover of FFr382.6m.

Its shares were suspended on the Paris bourse and trading is expected to resume today.

Rémy & Associes also said it would buy the champagne company's non-voting shares over the next 15 trading sessions if necessary to prevent them from falling below FFr1,420 each. Earlier this year, Rémy lost its battle to take over Bénédictine, the liqueur producer, after Bénédictine brought in the international drinks company Martini and Rossi as a white knight to ward off the bid.

● **Groupe Saint-Louis**, the French food group, reported a 27 per cent increase in first-half consolidated net income to FFr179m ($28m) after payments to minority interests, AP-DJ *reports from Paris.*

Fairchild cool over friendly offer

By Roderick Oram in New York

FAIRCHILD INDUSTRIES, which discontinued the last of its aircraft manufacturing operations last year to concentrate on aerospace components, has responded coolly to a friendly takeover proposal from an investor group.

The investors led by Carlyle Group, an 18-month-old Washington merchant bank, said in a filing with the Securities & Exchange Commission that it held a 9.9 per cent stake in the Virginia-based company.

Carlyle has yet to make a firm bid or to indicate its price but said it was exploring the possibility of a friendly takeover.

Fairchild's shares rose only $⅝ to $14⅞ on the news, although the stock has risen from the $10 level since Carlyle began accumulating shares in late July. At the current price, Fairchild's market capitalisation is just over $200m.

Fairchild said it was reviewing the situation but noted the historically it has attracted the interest of investors interested in its long-term value rather than in short-term profit taking. Carlyle said it fitted into the first category.

Fairchild said its improved operating performance and financial health demonstrated the success of its restructuring plan.

In the six months ended July 3 it earned pre-tax profits from continuing operations of $12.9m, against a loss of $1.7m a year earlier. Sales were $262.8m, compared with $216.8m.

The final net profit after extraordinary items, tax benefits and results of discontinued operations was $15.8m or 72 cents a share, against $22.1m or $1.11 a year earlier.

Fairchild's balance sheet is heavy with cash.

Du Pont poised to get into drugs

Peter Marsh on a US chemical group's diversification plans

DU PONT, the biggest US chemicals company, is in the middle of a diversification programme aimed at introducing new products like drugs and electronic imaging systems into its traditional business of basic chemicals such as fibres and high-volume plastics.

The change of focus at the Wilmington, Delaware, based company is intended to put it in a stronger position for the 1990s. In that decade, the industry expects new, high-value areas of chemicals to provide the lion's share of the sector's growth and profits.

Du Pont is taking a studiously long-term view, and is prepared to pay large sums over the next few years for the research and development and marketing associated with the new activities.

"We can see big opportunities for growth (in the new specialist areas)," says Mr Sam Schwartz, a senior vice-president at Du Pont responsible for corporate planning. "We would like the pace (of the move into these areas) to be as fast as we can make it."

The specialist sectors of Du Pont's business, which include agricultural products, electronic chemicals and engineering polymers, accounted for about a quarter of the company's $30.5bn sales last year.

Roughly $15bn of annual sales – on which net income in 1987 was $1.8bn – resulted from the coal, gas and oil activities, which are largely the responsibility of Du Pont's Conoco subsidiary. Standard industrial chemicals, textile fibres and bulk plastics accounted for the rest.

Mr Schwartz says sales in the specialty areas have the *potential to expand at between* 5 and 15 per cent a year, against an annual growth rate of about 4 per cent for basic chemicals and about 2 per cent for energy-related activities.

Du Pont's moves into the specialist areas of chemicals, which have already involved several acquisitions and joint ventures, are likely to be reinforced by the appointment of Mr Edgar Woolard as its chairman and chief executive.

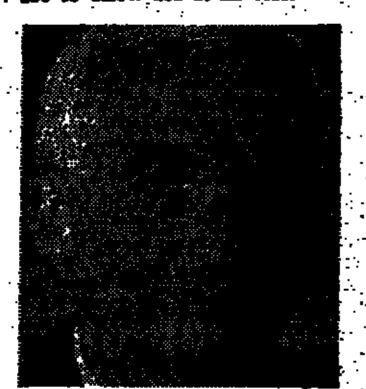
Mr Woolard, the company's president and chief operating officer, has a reputation within Du Pont of being marketing orientated and of being keen to steer the company in new directions. He will take over next April from Mr Richard Heckert, who is retiring.

Du Pont also wants to change the geographical mix of its activities. About 60 per cent of turnover is accounted for by US sales, a figure Mr Schwartz says should change to about half by the early 1990s. Such a move, he says, should reduce the effect of currency fluctuations and enable the company to take advantage of growing markets overseas.

Emphasising the highly research-intensive nature of many of the new fields, well over half of Du Pont's annual R&D spending of some $1.2bn is channelled towards the specialist sectors. Life sciences, of relevance to the expanding medical and agricultural products departments, account for 30 per cent of spending.

Progress in Du Pont's transition has been patchy. Medical products are one area where Du Pont has yet to set the world on fire. Sales here accounted for $1.7bn last year, split between drugs, diagnostic kits and medical instruments.

The drugs division alone, boosted by Du Pont's $425m purchase two years ago of a pharmaceuticals unit of Baxter Travenol, is pouring $150m a year into R&D, so far without a lot to show for it in terms of top-selling medications.



Edgar Woolard: reputation for being market oriented

Du Pont is conducting research into areas such as cardiovascular disease, AIDS and pain control. It has between 15 and 20 promising products in the pipeline, according to Mr David Moobery, a Du Pont vice-president in charge of the medical products department. "By the year 2000 we want to be a multibillion dollar-a-year pharmaceutical company," he says.

Of greater visibility are Du Pont's activities in engineering polymers and high-strength plastics used in industries, such as cars and aerospace, where it is number two in the US behind General Electric.

Du Pont is also making headway in pesticides and other agricultural products, where it recorded $1.2bn sales in 1987.

Another field of potential *growth is in industrial fibres,* where Du Pont has high hopes for its Kevlar aramid material – subject of a recently settled patent tussle involving Akzo.

Perhaps the biggest gamble taken by Du Pont has been the setting up of a department concerned with imaging systems. It is involved with not just sales of conventional plastic films (used in X-ray equipment and printing, for example) but electronic scanning equipment used in the colour graphics and printing industries.

In the latter field, Du Pont is competing with several well-established rivals such as Crosfield of the UK and Scitex of Israel. Sales of the new electronic machines contributed virtually nothing to last year's sales of about $1.3bn by the imaging systems department. They should, however, provide between $50m and $100m of revenue in 1988, according to Mr Mark Suwyn, vice-president in charge of imaging systems at Du Pont. In five years, he expects sales of the electronic equipment to be $400m to $1bn a year, compared with $1.8bn for traditional plastic films.

How is Du Pont faring in its drive into the new areas? Many chemicals industry observers believe there is nothing wildly risky, since many of the fields into which it is moving are related, at least loosely, to its traditional areas.

"Overall I would say Du Pont is managing the new areas pretty well," says Mr George Krug, an analyst at Eberstadt Fleming, a New York stockbroker. Others say it will be impossible to give a verdict on the company's diversification strategy until well into the 1990s, when the successes and failures have *become apparent.*

Perkins engines for Penske

By David Owen in Toronto and John Griffiths in London

VARITY, the Toronto-based farm and industrial equipment manufacturer, is poised to start shipping fully-assembled diesel engines from its Perkins Engines Group in Europe to Penske Corporation of the US for use in Penske's 54,000-vehicle truck leasing unit.

The move is the first fruit of a collaboration between Perkins and Detroit Diesel, the US engine maker which is 80 per cent-owned by Penske. It will give Perkins its first important foothold in the North American diesel engine market.

In March, Perkins and Detroit Diesel revealed plans for a collaboration "aimed at leadership in the world market for diesel engines." The two have a combined capacity of 800,000 engines a year.

Perkins will ship 110hp to 180hp Phaser engines, produced at its 200,000 engine-per-year Peterborough facility in the UK. "We are in the process of installing the first Phaser engine in a GM chassis," Penske said. "There will be a proving period in the fleet."

About 34,000 trucks and tractors in the Penske fleet are diesel-powered, of which 14,500 fall into the 110hp 180hp medium-sized truck category. Penske says it is too early to say how many are likely to be powered by Perkins engines.

Mr Victor Rice, Varity chairman, believes the move will be the forerunner of more extensive co-operation between the two companies, which boast 4,000 North American distributors, dealers and parts outlets.

Noranda to lift stake in Falconbridge

By David Owen in Toronto

NORANDA, part of Edward and Peter Bronfman's far-flung Canadian resources empire, plans to increase to 29.4 per cent its stake in Falconbridge, the world's second largest nickel producer.

The purchase will be made by offering Falconbridge shareholders C$155.8m (US$128.8m) or C$22.25 a share for a further 7m shares in the Toronto-based company.

Noranda's stake in Falconbridge, whose shares ended the week in Toronto at C$20⅜, stands at a fraction under 20 per cent.

Falconbridge will shortly cancel a significant chunk of its own common stock, acquired as part of its purchase of McIntyre Mines earlier this year. When it does, Noranda's proposed holding will increase to 33.6 per cent.

Noranda said it was buying the additional stock "as a substantial equity investment to enhance the company's position in the minerals industry." The company, which has widespread holdings in mining, forestry and energy, is expected soon to request a seat on the Falconbridge board.

Brierley profits fall by 25% in its 'most difficult year yet'

By Dai Hayward in Wellington

BRIERLEY INVESTMENTS (BIL), the New Zealand-based flagship of Sir Ron Brierley's corporate empire, ended what he called "the most difficult year in the group's 27-year history" with net profits of NZ$264.8m (US$162.2m), down nearly a quarter from from the previous NZ$342.1m.

Although the result, hit by the October crash, represented the first annual setback for 20 years, BIL has been moving to streamline its financial structure and overcome losses on its portfolio holdings.

It sold several key investments during the year, leaving total assets at the June year-end at NZ$11.3bn, down slightly from NZ$11.8bn a year earlier. Sir Ron said that during the company's self-analysis during the year "we asked what are we trying to do that we can't achieve with nearly NZ$12bn assets."

Shedding some of these had significantly reduced the group's annual interest bill in absolute terms. The NZ$450m interest charges was a key overhead cost and reflected the high New Zealand interest rates and the relatively high gearing level, particularly in Industrial Equity (IEL), the separately quoted Australian member of the group. Much of the interest bill related to the group's share portfolio, which has a market value of NZ$4.7bn.

There had been a cautious attitude to acquisitions during the year but now with the company's liquidity a more vigorous approach will be adopted.

In New Zealand, it is the Government's privatisation policy which BIL believes will provide the best opportunities for expansion.

Sir Ron was critical of a new tax regime introduced this year by the Labour Government. Although he suggested the laws could drive New Zealand companies offshore, Sir Ron indicated that BIL had no plans to reincorporate elsewhere. The group had benefited from deregulation, and he supported government efforts to resolve the country's long-term economic problems.

"Some people think we could just all go out to the airport one night and fly off somewhere else. It's not that simple," Sir Ron said.

He also indicated a cautious approach on a mooted merger of its New Zealand, Australian and Hong Kong arms.

A profit breakdown showed that NZ$114.3m was generated in New Zealand, up from NZ$95m. Of the remainder, NZ$58.1m came from the UK compared with NZ$42.7m, NZ$47m from Australia (NZ$207.7m) and NZ$45.3m from the US (against a NZ$8.5m loss).

The dividend of 10 cents per share compares with 7.9 cents. BIL plans no equity issues this year.

Seibu Saison tees off for the world stage

Tony Jackson on the sale of the Inter-Continental hotel chain to a Japanese group

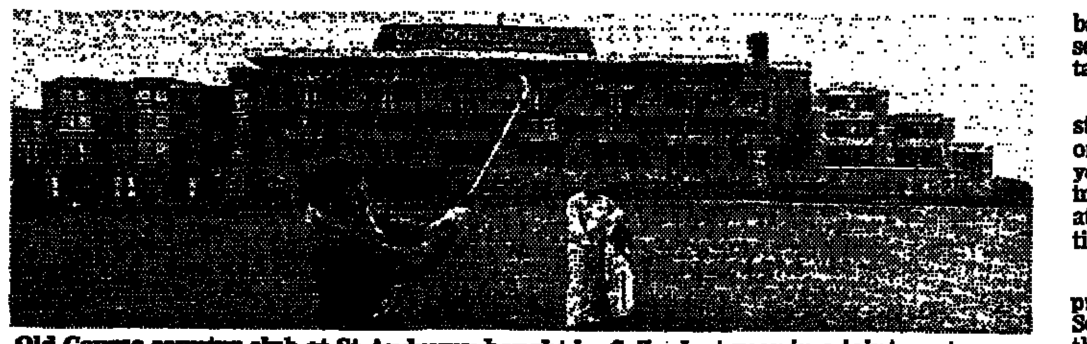
The sale by the UK's Grand Metropolitan of the Inter-Continental hotel chain to Seibu Saison of Tokyo may be interesting from the British viewpoint, but from the Japanese side it is remarkable.

At £1.35bn ($2.28bn) the deal ranks among the largest overseas acquisitions mounted by a Japanese company, but, more important, Seibu's initiative means the Japanese up-market consumer business is going international.

Seibu, a private company with sales equivalent to $8bn, has a spread of interests which puts even the sprawling GrandMet empire to shame. Its origins are in retailing, but is also – for instance – a leading helicopter operator, a banking and insurance group, and Japan's biggest producer of fertiliser.

Mainly, though, the company is in consumer goods and services, with a formidable up-market emphasis. Seibu has joint ventures in Japan with Yves Saint Laurent, Jaguar, Hermès, Liberty, and Club Méditeranée. It owns Japan's biggest department store, and the world's most expensive hotel, the Seiyo Ginza in Tokyo.

Mr Seiji Tsutsumi, its chairman, is on the board of Sotheby's and is a prize-winning novelist. His brother, Mr Yoshiaki Tsutsumi, was last year reckoned by Forbes magazine to be the richest man in the world.



Old Course country club at St Andrews: bought by Seibu last year in a joint venture

Much the biggest single part of the group is still retailing: department stores, superstores and convenience stores. The empire, founded by Mr Tsutsumi's father, Yasujiro, has a typically Japanese origin, that of buying and holding assets from the days before Japan's economic miracle.

Mr Yasujiro Tsutsumi was a prominent politician, a one-time Speaker of the Japanese Parliament, who in the years immediately after the war set about buying land from members of the nobility too impoverished to pay their taxes.

He then built a chain of department stores and a railway to bring people to them, and some Japanese-style hotels. When he died in 1964, Seiji got the stores, and Yoshiaki got the hotels and Seibu Railway.

The two half-brothers – Yoshiaki is a son by his father's mistress – are portrayed by the popular press as bitter rivals. How far this colours their business operations is doubtful, but certainly the two empires are kept wholly separate.

Students of soap opera might therefore interpret the Inter-Continental deal as Seiji getting even with his kid brother. At present, he has only half a dozen hotels, whereas Yoshiaki's Prince Hotels chain numbered 56 at the last count, together with associated golf courses and ski slopes.

The snag in the theory is that the Inter-Continental purchase is obviously part of an established policy. For more than a year, Seibu Saison has been moving out from its Japanese base. The process has been tentative, and always with overseas partners – an approach which would come naturally to a group used to joint ventures in its home market.

Thus, late last year Seibu set up a joint venture with the Rockefeller Group to buy the Old Course country club at St Andrews in Scotland, thus neatly tying in with the Japanese obsession with golf.

In July, it set up a venture with the Rosewood hotel group of the US to develop luxury hotels around the world. In August, it did a deal with a US partner to sell New York condominiums to Japanese investors.

With the Inter-Continental deal, the emphasis again seems to be on caution and co-operation. This is not a straight acquisition, but a leveraged buy-out financed by Japanese banks, with the purchase price secured against Inter-Continental's assets.

Seibu will be the leading stakeholder, but not the only one. The other partners have yet to be identified, but they include foreign companies and at least one Japanese construction group.

As might be expected from a private Japanese company, Seibu is reluctant to talk about the deal in detail, and the thinking behind its new international policy can only be guessed at. However, Mr Seiji Tsutsumi recently provided a clue in referring to the need for "a new kind of international trading company that can combine Japanese marketing expertise with a knowledge of high-quality products available abroad."

It may therefore be significant that Seibu has also signed a co-operation agreement with Grand Met as part of the Inter-Continental deal. The two groups have several areas in common: restaurants and food manufacture, for instance, as well as hotels.

Besides that, though, Grand-Met has one of the biggest and best-respected wines and spirits businesses in the world. Whether in consumer goods or consumer services, Seibu is poised to exercise its marketing muscle on a world stage.

Pick 'n Pay lifts income by a third

By Jim Jones in Johannesburg

PICK 'N PAY, the South African supermarket chain, lifted interim pre-tax profits by more than a third in the six months to August as trading margins responded to increased consumer spending on durables and semi-durables.

Turnover increased to R1.82bn ($728.4m) from R1.40bn, trading profit before investment income rose to R44.8m from R33m and pre-tax profit was R47.2m against R35m.

Spending on durables began to rise strongly in the latter part of 1987 as consumers took advantage of low interest rates and ready availability of credit. The situation is changing following credit curbs and higher interest rates introduced by the Government to reduce the rate of growth of imports.

Pick 'n Pay's management does not comment on the new credit restrictions, but stores analysts believe retail margins are reducing.

The first half's net earnings increased to 31.4 cents a share from 23.3 cents, and the interim dividend has been lifted to 9 cents from 6.88 cents. The last year's total earnings were 67.1 cents, and the year's dividend was 32.88 cents.

James Capel to take over Singapore securities firm

By Our Financial Staff

JAMES CAPEL, the London stockbroker owned by Hongkong and Shanghai Banking Corporation, is to expand its Singapore presence by taking eventual control at Kay Hian, a local securities firm.

As a first step, Capel has agreed to take a 30 per cent stake in Kay Hian. The deal, which is subject to approval by the Stock Exchange of Singapore, provides for a later increase in the stake "to over 49 per cent," the two sides said yesterday. No price was disclosed.

Capel's 30-strong Singapore office will be merged with the operations of Kay Hian, which has about 200 staff. This is intended to "create a fully integrated investment house which will take advantage of Kay Hian's strengths in the domestic market and James Capel's strengths in international institutional business and research."

Singapore's large domestic banks have dominated the securities industry in Singapore for the past few years after bailing out broking firms in the wake of the 1985 collapse of Pan-Electric, previously a market high-flier.

● Winfull Laing and Cruickshank, the Hong Kong stockbroker, is to be demerged into two separate units, as part of a restructuring following last November's acquisition by Crédit Lyonnais of London-based Alexanders Laing and Cruickshank, writes Michael Marray in Hong Kong.

The first company, to be known as CL-Alexanders Laing and Cruickshank (HK), will specialise in institutional broking, private client fund management and corporate finance, and will be 85 per cent owned by Crédit Lyonnais.

The second, Winfull (Securities), to be 85 per cent owed by Hong Kong's Woo family, will be primarily a retail brokerage.

Crédit Lyonnais and the Woo family will each hold a minority stake in the other's company.

Alexanders Laing and Cruickshank set up its Hong Kong joint venture with the Woo family's Winfull brokerage in 1986.

Vindication of CGE chief's discreet policy

Paul Betts finds a French group's telecommunications deal with ITT bearing fruit

MR Pierre Suard, chairman of Compagnie Générale d'Electricité, has adopted a step-by-step approach in discreetly transforming the privatised French telecommunications and heavy engineering conglomerate into a multinational group.

"With nearly 50 per cent of our workforce abroad and less than 20 per cent of our business done with French government agencies, CGE today is no longer a purely French company," he said yesterday.

Mr Suard took over at the top of CGE two years ago, just after the French group signed its landmark telecommunications agreement with ITT: the latter merged its telecommunications activities with those of CGE's Alcatel subsidiary to form the world's second-largest telecommunications group after American Telephone & Telegraph.

Mr Suard was appointed by the then right-wing Government of Mr Chirac to manage the merger negotiated by his predecessor, Mr Georges Pebereau.

The Alcatel merger now seems to be bearing fruit despite initial doubts and criticisms over the deal. Many critics believed CGE was risking a great deal by taking over the ITT operations and its System 12 digital public telephone switching technology, the costs and development of which had plagued the New York conglomerate.

However, Mr Suard said that after a careful review of the ITT operations and especially System 12, CGE was confident that the ITT operations would provide Alcatel with the necessary size and strength to improve significantly its competitive position in the fierce international telecommunications market.

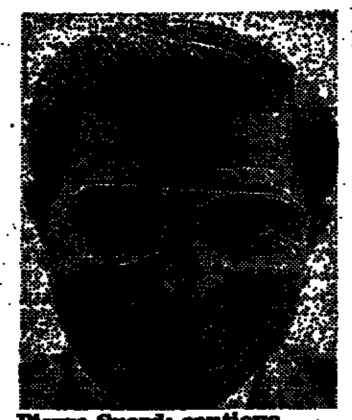
CGE last week reported a 31 per cent increase in its first-half consolidated net profits to FFr1.7bn (US$267m) from FFr1.3bn in the first half of last year.

The group is now expecting to achieve its target of profits equivalent to 3 per cent of sales in 1988, two years ahead of schedule.

The integration of the Alcatel and former ITT telecommunications assets has involved some rationalisation, including the closure of two laboratories – one in the US and the other in the UK – but no major traumas.

Mr Suard explained that the group's policy was to concentrate productions at specific sites to rationalise operations and to design new telecommunications systems on an integrated basis.

CGE has also maintained its two separate lines of digital public switching equipment – Alcatel's E-10 switch, which is expected to sell 2.1m new lines this year, and System 12, which is expected to supply 2.7m lines.



Pierre Suard: cautious approach to diversification

As well as the profits of 3 per cent of sales projected for the merged Alcatel company this year, up from 2.4 per cent of sales in 1987, Mr Suard also anticipates that the troubled Spanish operations CGE acquired as part of the deal will be in profit again this year after restructuring.

While consolidating its expanded telecommunications businesses, CGE is also building up Alsthom, its heavy engineering subsidiary, through a series of alliances and mergers.

At the time of the Alcatel-ITT merger, CGE had also had talks with Brown Boveri over the possibility of the Swiss group co-operating more closely with Alsthom. However, while CGE's plate was full with the ITT merger, Brown Boveri merged with Asea of Sweden to form the ABB engineering group.

The ABB merger clearly put additional pressure on Alsthom to find new international partnerships to help increase its competitiveness in key sectors such as power generating equipment and railways.

In the absence of a mega deal with another international engineering group, Alsthom has been piecing together during the last months a series of smaller, but significant, alliances with other European engineering concerns.

After taking over the railway operations of the French Jeumont-Schneider group, it has now acquired a majority stake in the railway and energy activities of Belgium's ACEC group.

Last week, it acquired a 45 per cent stake in the energy subsidiary of MAN, the West German engineering group.

Mr Suard confirmed that Alsthom was envisaging acquiring two Spanish engineering companies if it won a large rail contract to supply French high-speed trains to Spain.

The Spanish authorities are due to award the contract around October 21. Alsthom appears to be the favourite against tough competition from Japan and Germany.

Mr Suard also wants to expand CGE's activities in the service and media industries, which account for about 10 per cent of the group's FFr130bn annual sales.

The French group acquired control of Generale Occidentale from Sir James Goldsmith last year and intends to develop GO's publishing business.

However, Mr Suard made it clear he did not intend to invest in the newspaper business and said CGE had not been involved in the recent hectic trading activities in the shares of Bouygues, the French construction and communications group.

Despite political gossip suggesting that Mr Suard is among leading French chief executives threatened by the recent change of government, the CGE chairman appears to be sitting confidently in his seat and continues to perform his job unflappably.

The strong financial performance of the group in the first half has enhanced his position, as has Alsthom's recent acquisition activity.

BNP boosts earnings by 5%

By Our Financial Staff

BANQUE Nationale de Paris (BNP), France's biggest in terms of assets, said yesterday that its earnings for the first half of 1988 were up 5 per cent from a year earlier, largely reflecting a dip in its operating provisions.

The state-controlled commercial bank said its consolidated net income after payments to minority interests edged up to FFr1.31bn (US$206m) from FFr1.25bn in the first half of 1987. BNP linked the gain to the strength of its foreign units and consumer credit demand.

Like the other leading French banks that have already reported interim results, BNP noted that profit margins on domestic loans narrowed during the first half. However, it said this was offset by brisk demand for consumer credit, which rose 28 per cent for property loans and 47 per cent for personal loans.

These elements pushed BNP's net banking income, which covers pre-tax revenue from loans, commissions and trading, to FFr15.3bn.

BNP noted that commission income for the first half was held back by a decline in stock-market activity by small investors.

Operating costs and depreciation allowances grew to FFr10.89bn.

Siemens devolves powers

By Our Financial Staff

SIEMENS, the West German electrical group, said yesterday it was reorganising departments at its Munich headquarters as a first step in a shake-up designed to make the company more efficient and bring it nearer to its customers.

The restructuring, effective October 1, will give broader powers to the chiefs of the seven operating divisions that were previously held at management board level.

Siemens had announced in July that it planned a reorganisation.

The company will scale down the functions of its five central divisions, which will be divided into planning, finance, research and development, production and logistics, and personnel.

"What we will now call central divisions will be responsible for overall company policies, co-ordination and services," Siemens said. "The aim of the reorganisation is smaller units with increased efficiency."

The statement said changes in the company's sub-divisions such as components and motor technology, would be announced by September 30 1989, when Siemens' 1988/89 business year ends.

The company planning department, run by Mr Hermann Franz, is to be responsible for strategic decision-making and management training. Mr Franz also heads the installation and motor technology sub-division.

The finance department, headed by Mr Karl-Hermann Baumann, will continue the work of the previous finance division and will additionally cover legal affairs.

The research and development division will be run by Mr Hans Günter Danielmeyer and the production and logistics department by Mr Claus Kessler.

The personnel department will be headed by Mr Hans Schlitzberger.

Nordbanken increases profits fivefold

By Sara Webb in Stockholm

NORDBANKEN, Sweden's fifth-largest publicly quoted commercial bank, yesterday reported a fivefold increase in profits for the first eight months, indicating that the management's far-reaching cost-cutting programme and tougher stance on credit losses introduced last year have taken effect.

Operating profit for the bank surged to SKr534.9m (US$83.4m) from SKr98.8m in the corresponding period last year when Nordbanken was hit severely by heavy credit losses. The bank said it expected the favourable development in profits to continue throughout the rest of 1988, giving a full-year profit of between SKr700m and SKr800m.

Interest income increased by 34.4 per cent to SKr815.2m and total income rose by 34.4 per cent from SKr769.7m to SKr1.034bn, helped by higher volumes and the introduction of new commission-based services, the bank said.

At the same time, total costs dropped by 25.6 per cent to SKr499.3m from SKr671.3m.

Nordbanken suffered credit losses of SKr221.9m in the first eight months of last year, due to heavy losses at one of its regional offices and loans made to Mr Refaat El-Sayed, the former driving force behind Fermenta, the antibiotics and chemicals company, which had to be rescued from the brink of collapse.

However, credit losses for the first eight months of 1988 were cut to SKr49.1m and the bank said it had introduced tougher procedures to monitor credit risks. Nordbanken has also either closed or sold 20 of its 123 branches in Sweden.

In contrast to the other leading which have witnessed steadily rising personnel costs, Nordbanken said it had trimmed its personnel costs by 0.9 per cent to SKr229.9m.

Valeo details Epeda terms

By Our Financial Staff

VALEO, THE leading French car components maker, is to offer one 6¼ per cent convertible bond of FFr709 (US$110) nominal plus FFr500 (US$79) cash for one Epeda Bertrand Faure share in its takeover bid for Epeda.

Valeo, 20 per cent owned by Mr Carlo De Benedetti's French holding company Compagnie Europeennes Reunies (Cerus), announced a full takeover bid for Epeda on Friday.

Valeo's offer is for a minimum 2m Epeda shares out of a total 3.36m in circulation, equal to 59.5 per cent of Epeda's capital. Epeda's market capitalisation prior to the bid was FFr3.3bn.

Epeda shares, which had risen strongly in recent days amid takeover rumours, were suspended on the Paris Bourse on Friday after a last quotation at Thursday's close of FFr930.

Tishman in further expansion in Europe

By Paul Cheeseright in London

TISHMAN, the US property and construction conglomerate, is expanding its European interests through the formation of a joint venture with six UK companies to offer a property management service.

Through Tishman West Management of Los Angeles, it is taking 50 per cent of a partnership called Building Management Company. Its partners are a division of Imry Merchant Developers, DEGW, How Engineering Services, Sir Robert McAlpine and Sons, Nissho Iwai (UK) and TS Management Services, representing a cross-section of the British property development, design and engineering industry.

This is Tishman's fourth significant move in to the European market in recent years. One Tishman company is building the tallest European office tower in Frankfurt. Last year another started a construction management company with Wimpey, the UK contractor.

Last month Tishman joined with British property companies and Charterhouse bank to form a company for investment in US property.

The new property management venture, which seeks to relieve property users of the problems of daily administration, reflects the expansion of this sort of service in the UK. Property management has become increasingly elaborate and sophisticated.

Ferruzzi plans to regroup assets of La Fondiaria

By Alan Friedman in Milan

A NUMBER of prize banking and financial services assets are to be removed from La Fondiaria, the Italian insurer which is controlled by Mr Raul Gardini's Ferruzzi group, and placed in a new holding company.

The new company, Fimedit, will also include some of the Ferruzzi/Meta financial businesses that were recently transferred from Montedison.

It will be owned on a 50-50 basis by Ferruzzi Finanziaria, Mr Gardini's master holding concern, and Fondiaria, which Mr Gardini chairs and in which he holds a 49.7 per cent equity stake. Fimedit will have total managed assets of L3,700bn ($2.7bn).

Among the Fondiaria assets going into the new shell company is Fondiaria's 62 per cent control of Banca Mercantile Italiana. The new company will also have Meta's Agos mutual fund and financial services business along with fund management, leasing, factoring and consumer credit businesses.

Fondiaria said yesterday that the new business, to be chaired by a Ferruzzi nominee, was part of a "strategic restructuring" designed to achieve a better organisation of the financial services assets.

Fondiaria, meanwhile, yesterday released first-half 1988 results showing an 11.3 per cent drop in operating profits, to L50.3bn. The decline in earnings was attributed by the company to write-downs on securities holdings.

The Florence-based Fondiaria said its consolidated group premium income in the first six months of this year rose 10.9 per cent to L1,033bn.

HBG tries to buy Volker stake

By David Brown in Amsterdam

HOLLANDSCHE Beton Groep (HBG), the leading Dutch construction group, is seeking to acquire a sizeable stake in its competitor Royal Volker Stevin in what may be a prelude to the further restructuring of the Netherlands' building industry.

HBG said talks with the Dutch offshore contractor Heerema to acquire a 27 per cent package of Volker Stevin shares - corresponding to 1.83m shares with a present market value of Fl 52.5m ($24.7m) - are at "an advanced stage" and that a final agreement is expected shortly.

HBG declined to comment on market speculation that a full takeover bid may be pending, but said it was not interested in initiating an unfrienly action. Such an action would inevitably focus attention on Holland's highly restrictive anti-takeover mechanisms.

Volker Stevin announced that it would use "all available means to protect the company" from unwelcome predators, and said it intends to remain independent. The group's board has shareholder authorisation to issue up to 10m ordinary and 10m preference shares as a takeover defense.

A HBG spokesman said the group was anxious to keep Volker Stevin out of foreign hands amid an industry-wide reorganisation, but would not indicate what, if any, rival bidders there might be for its Rotterdam-based target.

HBG also stressed the "complimentary" nature of the two companies' activities on the building market, where construction activity and new orders are picking up slowly after a prolonged period of stagnation. HBG is active in general and industrial building, road construction, dredging and offshore fabrication.

Volker Stevin is active in dredging, road construction and civil engineering, and reported a first-half pre-tax profit of Fl 3.6m this year against the Fl 800,000 loss in 1987 after an extensive restructuring and divestment programme, but is still suffering from a depressed dredging market.

Nortel in Siemens link

By David Brown

CANADA'S Northern Telecom and Siemens of West Germany have announced separate plans to market their respective digital PABX switching system to private customers in The Netherlands at the start of next year.

The announcement comes against the background of a planned liberalisation of the tightly-regulated Dutch telecommunications market, which also involves the partial privatisation of the country's PTT (postal and telecommunications authority) in January.

Northern Telecom has reached a "co-operation agreement" with Getronics under which the Amsterdam-based electronics and telecommunications equipment concern will market its Meridian SL1 PABX in Holland. Getronics said it hoped to capture a 10 per cent market share by the end of 1989.

Siemens, meanwhile, declined to indicate its market share target, but said it will sell the full range of its Hicom PABX system directly through its existing Dutch subsidiary.

Pakhoed diversifies in US

By David Brown

PAKHOED, the Dutch transport and storage group, will diversify further from the volatile oil sector through the planned acquisition of large new chemical tank storage facilities on the US West coast.

Preliminary talks with unnamed partners may lead to the signing of a letter of intent by the end of this year on a purchase which could be worth up to Fl 250m ($118m) and which would expand the company's existing US interests by between 10 and 20 per cent.

Pakhoed claims to be the biggest company operating in the US chemicals storage field, where its interests generated fully 50 per cent of its first-half operating profits. Net income during that period climbed 39 per cent to Fl 25.7m.

Because of a slump in revenue at the Rotterdam-based group's European crude and mineral oil storage facilities in a broadly weakening market, a further expansion of the continental chemical storage operations is also under active discussion.

FT GUIDE TO WORLD CURRENCIES

The table below gives the latest available rates of exchange (rounded) against four key currencies on Monday 3 October,1988 . In some cases the rate is nominal. Market rates are the average of buying and selling rates except where they are shown to be otherwise. In some cases market rates have been calculated from those of foreign currencies to which they are tied.

COUNTRY		£ STG	US $	D-MARK	YEN (X 100)
Afghanistan	(Afghani)	99.25	58.4167	31.4082	43.7224
Albania	(Lek)	10.1389	5.9674	3.2085	4.4664
Algeria	(Dinar)	10.7858	6.3483	3.4132	4.7514
Andorra	(Fr Fr)	10.7625	6.3346	3.4058	4.7411
	(Sp Peseta)	208.95	122.9841	66.1234	92.0484
Angola	(Kwanza)	50.6860	29.8328	16.0398	22.3286
Antigua	(E Carr $)	4.57	2.6898	1.4462	2.0132
Argentina	(Austral)	20.2848	11.9392	6.4192	8.9360
Aruba	(Florin)	3.0305	1.7836	0.9590	1.3350
Australia	(Aus $)	2.1610	1.2719	0.6838	0.9519
Austria	(Schilling)	22.255	13.0989	7.0427	9.8039
Azores	(Port Escudo)	261.25	153.7669	82.6740	115.0881
Bahamas	(Bahama $)	1.6990	1	0.5376	0.7484
Bahrain	(Dinar)	0.6390	0.3761	0.2022	0.2814
Balearic Is	(Sp Peseta)	208.95	122.9841	66.1234	92.0484
Bangladesh	(Taka)	53.00	31.1948	16.7721	23.3480
Barbados	(Barb $)	3.4051	2.0041	1.0775	1.5000
Belgium	(Belg Fr)	66.25c	38.9935	20.9651	29.1850
		67.10g	39.4938	21.2341	29.5594
Belize	(B $)	3.3860	1.9929	1.0715	1.4916
Benin	(CFA Fr)	538.13	316.7333	170.2943	237.0616
Bermuda	(Bermudian $)	1.6990	1	0.5376	0.7484
Bhutan	(Ngultrum)	24.60	14.4791	7.7848	10.8370
Bolivia	(Boliviano)	4.3510	2.5609	1.3768	1.9167
Botswana	(Pula)	3.3850	1.9923	1.0712	1.4911
Brazil	(Cruzado)	614.03	361.4067	194.3132	270.4977
British Virgin Is	(US $)	1.6990	1	0.5376	0.7484
Brunei	(Brunei $)	3.4578	2.0351	1.0942	1.5232
Bulgaria	(Lev)	1.4461	0.8511	0.4576	0.6370
Burkina Faso	(CFA Fr)	538.13	316.7333	170.2943	237.0616
Burma	(Kyat)	11.2754	6.6364	3.5681	4.9671
Burundi	(Burundi Fr)	260.05	153.0606	82.2943	114.5594
Cameroon	(CFA Fr)	538.13	316.7333	170.2943	237.0616
Canada	(Canadian $)	2.0560	1.2101	0.6506	0.9057
Canary Is	(Sp Peseta)	208.95	122.9841	66.1234	92.0484
Cp. Verde Is	(CV Escudo)	130.3441	76.7181	41.2481	57.4203
Cayman Is	(CI $)	1.4052	0.8270	0.4446	0.6190
Cent.Afr. Rep	(CFA Fr)	538.13	316.7333	170.2943	237.0616
Chad	(CFA Fr)	538.13	316.7333	170.2943	237.0616
Chile	(Chilean Peso)	416.18	244.9558	131.7025	183.3392
China	(Renminbi Yuan)	6.2494	3.6782	1.9776	2.7530
Colombia	(Col Peso)	536.72	315.9034	169.8481	236.4405
Comoro Is	(CFA Fr)	538.13	316.7333	170.2943	237.0616
Congo (Brazz)	(CFA Fr)	538.13	316.7333	170.2943	237.0616
Costa Rica	(Colon)	131.8847	77.6248	41.7356	58.0989
Cuba	(Cuban Peso)	1.2894	0.7589	0.4080	0.5680
Cyprus	(Cyprus £)	0.8200	0.4826	0.2594	0.3612
Czechoslovakia	(Koruna)	9.30c	5.4738	2.9430	4.0969
		16.10i	9.4761	5.0949	7.0925
		15.49t	9.1171	4.9018	6.8237
Denmark	(Danish Kroner)	12.1350	7.1424	3.8401	5.3458
Djibouti Rep	(Djib Fr)	294.00	173.0429	93.0379	129.5154
Dominica	(E Carrib $)	4.57	2.6898	1.4462	2.0132
Dominican Rep	(D Peso)	8.4650	4.9823	2.6787	3.7290
Ecuador	(Sucre)	660.59o	388.8110	209.0474	291.0088
		880.22a	518.0812	278.5506	387.7621
Egypt	(Egyptian £)	3.9280	2.3119	1.2430	1.7303
El Salvador	(Colon)	8.4800	4.9911	2.6835	3.7356
Equat'l Guinea	(CFA Fr)	538.13	316.7333	170.2943	237.0616
Ethiopia	(Ethiopian Birr)	3.4802	2.0483	1.1013	1.5331
Falkland Is	(Falk £)	1.00	0.5885	0.3164	0.4405
Faroe Is	(Danish Kroner)	12.1350	7.1424	3.8401	5.3458
Fiji Is	(Fiji $)	2.4838	1.4619	0.7860	1.0941
Finland	(Markka)	7.4590	4.3902	2.3604	3.2859
France	(Fr)	10.7625	6.3346	3.4058	4.7411
Fr. Cty/Africa	(CFA Fr)	538.13	316.7333	170.2943	237.0616
Fr. Guiana	(Local Fr)	10.7625	6.3346	3.4058	4.7411
Fr. Pacific Is	(CFP Fr)	190.00	111.8304	60.1265	83.7004
Gabon	(CFA Fr)	538.13	316.7333	170.2943	237.0616
Gambia	(Dalasi)	11.9864	7.0549	3.7931	5.2803
Germany East	(Ostmark)	3.1600	1.8599	1	1.3920
Germany West	(DMark)	3.1600	1.8599	1	1.3920
Ghana	(Cedi)	377.61	222.2542	119.4968	166.3480
Gibraltar	(Gib £)	1.00	0.5885	0.3164	0.4405
Greece	(Drachma)	257.25	151.4125	81.4082	113.3259

COUNTRY		£ STG	US $	D-MARK	YEN (X 100)
Greenland	(Danish Krone)	12.1350	7.1424	3.8401	5.3458
Grenada	(E Carr $)	4.57	2.6898	1.4462	2.0132
Guadaloupe	(Local Fr)	10.7625	6.3346	3.4058	4.7411
Guam	(US $)	1.6990	1	0.5376	0.7484
Guatemala	(Quetzal)	1.6990	1	0.5376	0.7484
		4.6810	2.7551	1.4813	2.0621
Guinea	(Fr)	507.90	298.9405	160.7278	223.7444
Guinea-Bissau	(Peso)	1100.45	647.7045	348.2436	484.7797
Guyana	(Guyanese $)	15.2150	8.9552	4.8148	6.7026
Haiti	(Gourde)	8.4650	4.9823	2.6787	3.7290
Honduras	(Lempira)	3.3920	1.9964	1.0734	1.4942
Hong Kong	(HK $)	13.2443	7.7953	4.1912	5.8344
Hungary	(Forint)	91.6488	53.9427	29.0027	40.3739
Iceland	(Icelandic Krona)	81.22	47.8045	25.7025	35.7797
India	(Indian Rupee)	24.60	14.4791	7.7848	10.8370
Indonesia	(Rupiah)	2891.44	1701.8481	915.0126	1273.7621
Iran	(Rial)	120.30	70.8063	38.0696	52.9955
Iraq	(Iraqi Dinar)	0.5263	0.3097	0.1665	0.2318
Irish Rep	(Punt)	1.1805	0.6948	0.3735	0.5200
Israel	(Shekel)	2.7830	1.6380	0.8806	1.2259
Italy	(Lira)	2355.75	1386.5509	745.4905	1037.7753
Ivory Coast	(CFA Fr)	538.13	316.7333	170.2943	237.0616
Jamaica	(Jamaican $)	9.1750	5.4002	2.9034	4.0418
Japan	(Yen)	227.00	133.6080	71.8354	100
Jordan	(Jordanian Dinar)	0.6405	0.3769	0.2026	0.2821
Kampuchea	(Riel)	169.30	99.6468	53.5759	74.5814
Kenya	(Kenya Shilling)	31.00	18.2460	9.8101	13.6563
Kiribati	(Australian $)	2.1610	1.2719	0.6838	0.9519
Korea North	(Won)	1.6422	0.9665	0.5196	0.7234
Korea South	(Won)	1209.35	711.8010	382.7056	532.7533
Kuwait	(Kuwaiti Dinar)	0.4902	0.2885	0.1551	0.2159
Laos	(New Kip)	592.55	348.7639	187.5158	261.0352
Lebanon	(Lebanese £)	704.70	414.7733	223.0063	310.4405
Lesotho	(Maluti)	4.2253	2.4869	1.3371	1.8613
Liberia	(Liberian $)	1.6990	1	0.5376	0.7484
Libya	(Libyan Dinar)	0.5035	0.2963	0.1593	0.2218
Liechenstein	(Swiss Fr)	2.6825	1.5788	0.8488	1.1817
Luxembourg	(Lux Fr)	66.25	38.9935	20.9651	29.1850
Macao	(Pataca)	13.6202	8.0165	4.3101	6
Madeira	(Port Escudo)	261.25	153.7669	82.6740	115.0881
Malagasy Rep	(MG Fr)	2151.25	1266.1859	680.7753	947.6872
Malawi	(Kwacha)	4.5410	2.6727	1.4370	2
Malaysia	(Ringgit)	4.5510	2.6786	1.4401	2.0048
Maldive Is	(Rufiya)	17.0993	10.0643	5.4111	7.5327
Mali Rep	(CFA Fr)	538.13	316.7333	170.2943	237.0616
Malta	(Maltese £)	0.5830	0.3431	0.1844	0.2568
Martinique	(Local Fr)	10.7625	6.3346	3.4058	4.7411
Mauritania	(Ouguiya)	125.7476	74.0127	39.7935	55.3954
Mauritius	(Maur Rupee)	23.75	13.9788	7.5158	10.4625
Mexico	(Mexican Peso)	3880.55a	2284.0200	1228.0221	1709.4933
		3821.10d	2249.0288	1209.2088	1683.3039
Miquelon	(Local Fr)	10.7625	6.3346	3.4058	4.7411
Monaco	(French Fr)	10.7625	6.3346	3.4058	4.7411
Mongolia	(Tugrik)	5.6809	3.3436	1.7977	2.5025
Montserrat	(E Carr $)	4.57	2.6898	1.4462	2.0132
Morocco	(Dirham)	14.32	8.4284	4.5316	6.3083
Mozambique	(Metical)	991.7592	583.7311	313.8478	436.8983
Namibia	(S A Rand)	4.2252	2.4868	1.3370	1.8613
Nauru Is	(Australian $)	2.1610	1.2719	0.6838	0.9519
Nepal	(Nepalese Rupee)	37.7539	22.2212	11.9474	16.6316
Netherlands	(Guilder)	3.5650	2.0982	1.1281	1.5704
N'nd Antilles	(A/Guilder)	3.0305	1.7836	0.9590	1.3350
New Zealand	(NZ $)	2.7715	1.6312	0.8770	1.2209
Nicaragua	(Cordoba)	305.28	179.6821	96.6075	134.4845
Niger Rep	(CFA Fr)	538.13	316.7333	170.2943	237.0616
Nigeria	(Naira)	7.8479	4.6191	2.4835	3.4572
Norway	(Nor. Krone)	10.7100	6.3037	3.3892	4.7180
Oman	(Rial Omani)	0.6525	0.3840	0.2064	0.2874
Pakistan	(Pak. Rupee)	30.80	18.1283	9.7468	13.5682
Panama	(Balboa)	1.6990	1	0.5376	0.7484
Papua New Guinea	(Kina)	1.4908	0.8774	0.4717	0.6567
Paraguay	(Guarani)	542.72o	319.4349	171.7468	239.0837
		1633.25a	961.3007	516.8512	719.4933

COUNTRY		£ STG	US $	D-MARK	YEN (X 100)
Peru	(Intl)	55.97o	32.9429	17.7120	24.6563
		737.76a	434.2319	233.4683	325.0044
Philippines	(Peso)	34.80	20.4826	11.0126	15.3303
Pitcairn Is	(£ Sterling)	1.00	0.5885	0.3164	0.4405
	(NZ $)	2.7715	1.6312	0.8770	1.2209
Poland	(Zloty)	803.76	473.0782	254.3544	354.0792
Portugal	(Escudo)	261.25	153.7669	82.6740	115.0881
Puerto Rico	(US $)	1.6990	1	0.5376	0.7484
Qatar	(Riyal)	6.1895	3.6430	1.9587	2.7266
Reunion Is. de la	(F/Fr)	10.7625	6.3346	3.4058	4.7411
Romania	(Leu)	14.781	8.6992	4.6772	6.5110
Rwanda	(Fr)	133.0246	78.2958	42.0963	58.6011
St Christopher	(E Carr $)	4.57	2.6898	1.4462	2.0132
St Helena	(£)	1.00	0.5885	0.3164	0.4405
St Lucia	(E Carr $)	4.57	2.6898	1.4462	2.0132
St Pierre	(French Fr)	10.7625	6.3346	3.4058	4.7411
St Vincent	(E Carr $)	4.57	2.6898	1.4462	2.0132
San Marino	(Italian Lira)	2355.75	1386.5509	745.4905	1037.7753
Sao Tome	(Dobra)	131.1284	77.1797	41.4963	57.7658
Saudi Arabia	(Riyal)	6.3608	3.7438	2.0129	2.8021
Senegal	(CFA Fr)	538.13	316.7333	170.2943	237.0616
Seychelles	(Rupee)	9.3130	5.4814	2.9471	4.1026
Sierra Leone	(Leone)	55.70	32.7839	17.6265	24.5374
Singapore	($)	3.4578	2.0351	1.0942	1.5232
Solomon Is	($)	3.6563	2.1520	1.1570	1.6107
Somali Rep	(Shilling)	413.0920	243.1383	130.7253	181.9788
South Africa	(Rand)	4.2253c	2.4869	1.3371	1.8613
		6.7858g	3.9939	2.1474	2.9893
Spain	(Peseta)	208.95	122.9841	66.1234	92.0484
Spanish Ports in N Africa	(Sp Peseta)	208.95	122.9841	66.1234	92.0484
Sri Lanka	(Rupee)	55.50	32.6662	17.5632	24.4493
Sudan Rep	(£)	7.6185	4.4841	2.4109	3.3561
Surinam	(Guilder)	3.0220	1.7786	0.9563	1.3312
Swaziland	(Lilangeni)	4.2253	2.4869	1.3371	1.8613
Sweden	(Krona)	10.8450	6.3831	3.4319	4.7775
Switzerland	(Fr)	2.6825	1.5788	0.8488	1.1817
Syria	(£)	35.5530	20.9258	11.2509	15.6621
Taiwan	($)	48.975	28.8257	15.4984	21.5748
Tanzania	(Shilling)	181.60	106.8864	57.4683	80
Thailand	(Baht)	42.90	25.2501	13.5759	18.8986
Togo Rep	(CFA Fr)	538.13	316.7333	170.2943	237.0616
Tonga Is	(Pa Anga)	2.1610	1.2719	0.6838	0.9519
Trinidad/Tobago	($)	7.1953	4.2350	2.2769	3.1697
Tunisia	(Dinar)	1.5390	0.9058	0.4870	0.6779
Turkey	(Lira)	2770.10	1630.4296	876.6139	1220.3083
Turks & Caicos	(US $)	1.6990	1	0.5376	0.7484
Tuvalu	(Australian $)	2.1610	1.2719	0.6838	0.9519
Uganda	(New Shilling)	254.54	149.8175	80.5506	112.1321
U A E	(Dirham)	6.2293	3.6664	1.9712	2.7441
United Kingdom	(£)	1.00	0.5885	0.3164	0.4405
United States	(US $)	1.6990	1	0.5376	0.7484
Uruguay	(Peso)	672.46	395.7975	212.8037	296.2378
USSR	(Rouble)	1.0514	0.6188	0.3327	0.4631
Vanuatu	(Vatu)	181.50	106.8275	57.4367	79.9559
Vatican	(Lira)	2355.75	1386.5509	745.4905	1037.7753
Venezuela	(Bolivar)	24.3485e	14.3310	7.7052	10.7262
		12.6975p	7.4735	4.0181	5.5936
		62.581	36.8334	19.8037	27.5682
Vietnam	(Dong)	623.02	366.6980	197.1582	274.4581
Virgin Is-British	(US $)	1.6990	1	0.5376	0.7484
Virgin Is-US	(US $)	1.6990	1	0.5376	0.7484
Western Samoa	(Tala)	3.5400	2.0835	1.1202	1.5594
Yemen	(Rial)	17.37	10.2236	5.4968	7.6519
Yemen PDR	(Dinar)	0.5807	0.3417	0.1837	0.2558
Yugoslavia	(Dinar)	5416.06	3187.7928	1713.9430	2385.9295
Zaire Rep	(Zaire)	353.60	208.1224	111.8987	155.7709
Zambia	(Kwacha)	13.20	7.7692	4.1772	5.8149
Zimbabwe	($)	3.2100	1.8893	1.0158	1.4140

Abbreviations: (a) Free rate; (b) Banknote rate; (c) Commercial rate ; (d) Controlled rate; (e) Essential imports; (g) Financial rate; (h) Exports; (i) Non commercial rate; (j) Business rate; (k) Buying rate; (l) Luxury goods; (m) Market rate; (o) Official rate; (p) preferential rate; (q) convertible rate; (r) parallel rate; (s) Selling rate; (t) Tourist rate;
Some data supplied by Bank of America, Economics Department, London Trading Centre. Enquiries: 01 634 4360/5.
Monday 3 October,1988

NOTICE OF REDEMPTION

To the Holders of

U.S. $150,000,000

BANCO DI ROMA

LONDON BRANCH

Floating Rate Depositary Receipts Due 1992

NOTICE IS HEREBY GIVEN that, pursuant to the terms and conditions (the "Conditions") of the above described Receipts (the "Receipts"), Banco Di Roma London Branch (the "Bank") has elected to and will redeem on 31st October, 1988 (the "Redemption Date") all outstanding Receipts at the redemption price of 100% of the principal amount thereof. Interest due on the Receipts on 31st October, 1988 will be paid in the usual manner.

Receipts will be redeemed upon presentation and surrender with all Coupons appertaining thereto maturing after (but not on) the Redemption Date, at the option of the holder, either (a) at the Corporate Trust Office of Morgan Guaranty Trust Company of New York, 30 West Broadway, New York, New York 10015 or (b) at the main offices of Morgan Guaranty Trust Company of New York in London, Frankfurt am Main and Brussels, Swiss Bank Corporation in Basle or Banque Internationale à Luxembourg S.A. in Luxembourg. Coupons due on 31st October, 1988 should be detached from the Receipts and surrendered for payment at any of the offices specified above other than the paying agent in the United States in accordance with the Conditions.

On the 31st October, 1988 interest will cease to accrue on the Receipts and unmatured Coupons shall become void.

The Receipts and all matured Coupons will become void unless presented for payment within a period of 5 years from the due date for payment thereof.

BANCO DI ROMA London Branch

Any payment made within the United States or by transfer to an account maintained by a non-US payee with a bank in the United States may be subject to reporting to the United States Internal Revenue Service ("IRS") and to backup withholding at a rate of 20% if a payee not recognised as exempt recipient fails to provide the paying agent with an executed IRS Form W-8, certifying under penalties of perjury that the payee is not a United States person. A payment made within the United States to a non-exempt US payee is reportable to the IRS Form W-9, certifying under penalties of perjury, the payee's taxpayer identification number (employer identification number or social security number, as appropriate) to avoid 20% withholding of the payment. Failure to provide a correct taxpayer identification number may also subject a US payee to a penalty of $50.

Principal Paying Agent
Morgan Guaranty Trust Company of New York,
New York

4th October, 1988

SOCIETE GENERALE
French "Societe Anonyme"
Capital : French Francs 1,754,495,430
Head Office : 29 boulevard Haussmann 75009 PARIS FRANCE
Commercial Register : Paris B 552 120 222
SECOND NOTICE

The holders of zero coupon notes (1987-1992) in yen issued by SOCIETE GENERALE who were called for September 26, 1988, being unable to meet validly for lack of quorum, are again called to a General Meeting at 3 p.m. at 5, rue La Fayette - 75009 PARIS (FRANCE) on October 10, 1988, in order to consider the same agenda as the one for the first meeting, that is :
- Appointment of the noteholders' permanent representatives, designation of the substitute representatives ;
- Determination of the noteholders' representatives' powers and of the remuneration given to the permanent representatives ;
- Decision on the method of recording the documents of the general meeting.
To permit the noteholders to attend or to be represented at this meeting, the notes or their deposit receipts must be deposited at least five days before the date fixed for the meeting, at the offices of the banks having participated in the placing of these notes and from whom proxies or admission cards can be requested.

The Board of Directors

CHINA

The Financial Times proposes to publish this survey on:

12th December 1988

For a full editorial synopsis and advertisement details, please contact:

Simon Timmis
on 01-248 8000 ext 3276

or write to him at:

Bracken House
10 Cannon Street
London
EC4P 4BY

FINANCIAL TIMES
EUROPE'S BUSINESS NEWSPAPER

The Kingdom of Thailand
U.S. $85,000,000
Floating Rate Capital Notes due 2000

In accordance with the provisions of the Notes, notice is hereby given that the Rate of Interest for the first three months of the Interest Period ending on 30th December, 1988 has been fixed at 8⅞% per annum. The Interest accruing for such a three-month period will be U.S. $112.96 in respect of the U.S. $5,000 denomination and U.S. $5,648.00 in respect of the U.S. $250,000 denomination and will be payable together with the interest for the second three months of the said Interest Period on 31st March, 1989 against surrender of Coupon No. 10.

Manufacturers Hanover Limited
Reference Agent
(A member of The Securities Association)

4th October, 1988

INTERNATIONAL CAPITAL MARKETS

Weakening oil prices help underpin New York bonds

By Janet Bush in New York and Norma Cohen in London

TREASURY BOND prices edged slightly higher in morning New York trading yesterday as the latest monthly report from US purchasing managers confirmed that economic growth has slowed.

The market was also helped by continuing erosion in crude oil prices. At mid-session on the New York Mercantile Exchange, crude for November delivery was quoted 25 cents a barrel lower, at $13.12 a barrel.

However, the positive impact of the purchasing managers' report and oil prices was limited by a sense of extreme caution prior to the publication on Friday of September US employment figures, which are expected to show robustness in the jobs market.

At the New York midsession, short-dated maturities were quoted around $\frac{1}{16}$ point higher and the Treasury's benchmark 30-year issue stood at 101½, taking its yield just below 9 per cent for the first time since September 15.

Friday's figures are expected to show a rise in the non-farm payroll of close to 300,000 in September and a fall in the unemployment rate to 5.5 per cent, from 5.6 per cent in August.

Some forecasters are looking for even stronger numbers. Economists at Griggs & Santow are above the market consensus with a forecast for a 375,000 rise in the non-farm payroll and a 0.2 per cent fall in the unemployment rate.

GOVERNMENT BONDS

The purchasing managers' report showed that economic growth has decelerated to the slowest rate in six months. The composite index fell to 54.8 per cent from 56.2 per cent.

IN WEST GERMANY, bunds rose sharply with the price on the benchmark 6¾ per cent bond due 1998 fixed 25 basis points higher at 101.50. Other long-term bond prices gained as much as 40 basis points.

Meanwhile, short-term Bundesobligationen, in which foreigners were allowed to invest for the first time yesterday, rose 25 basis points in light trade. The coupon on the new S80 obligationen was set at 5.75 per cent. Dealers described trading as strictly professional, with genuine end-investors in noticeably short supply.

Trading in the new bunds futures contract on Liffe was also very light, with turnover at about 2,500 contracts. Still, allowing foreigners to participate more fully in the German bond markets is expected to translate eventually into a broader investor base for the securities.

The Bundesbank did not participate in any of the market's first ever variable-rate fixings on government bonds.

IN UK GILTS, prices declined up to ¼ point, mostly on profit-taking. Dealers noted that over the past two weeks, prices have risen about 2½ points, sparking a small correction.

The effect of lower oil prices is seen as a net benefit to the economy, which is badly in need of something to offset inflationary worries. Even if sterling does weaken as a result of cheaper oil, the effect on the gilt market is likely to be negligible. Foreigners have been investing primarily in short-term bank deposits, where yields are highest.

Meanwhile, the stock shortage remains the single greatest factor in determining gilts prices. With a fiscal surplus of more than £10bn this year, instead of the £4bn forecast, the Bank of England will have to continue its purchase of gilts if it is to maintain its policy of "full funding" — that is, not selling any more gilts than needed to cover redemptions.

Some analysts are speculating that Mr Nigel Lawson, UK Chancellor, will announce that the full funding policy is to be abandoned when he makes his Autumn Statement.

BOND TRADING was subdued in Tokyo. The yield on the benchmark 105th government issue closed at 4.980 per cent, down 0.005 of a point from the previous close. Most investors held back as the feeling spread that prices were likely to fall.

BENCHMARK GOVERNMENT BONDS

		Coupon	Maturity	Price	Change	Yield	Week ago	Month ago
UK GILTS		13.500	9/92	110-16	-2/32	10.21	10.35	10.70
		8.750	9/97	93-22	+3/32	9.89	9.97	10.21
		9.000	10/08	98-12	+2/32	9.18	9.27	9.51
US TREASURY*		9.250	8/98	102-18	+4/32	8.85	8.99	9.06
		9.125	5/18	101-18	+4/32	8.97	9.08	9.14
JAPAN	No 105	5.000	12/97	100.1264	+0.189	4.98	5.07	5.39
	No 2	5.700	3/07	104.9082	+0.298	5.18	5.30	5.47
GERMANY		6.500	5/98	99.9500	+0.200	6.43	6.50	6.62
FRANCE	BTAN	8.000	7/93	101.9092	+0.133	8.48	8.50	8.72
	OAT	8.500	6/97	99.1250	+0.575	8.63	8.72	9.13
CANADA*		9.500	10/98	97.0000	+0.000	9.98	10.04	10.19
NETHERLANDS		6.500	7/98	100.5750	+0.250	6.35	6.42	6.65
AUSTRALIA		12.500	1/98	103.2098	+0.028	11.90	11.94	11.83

London closing, *denotes New York morning session
Yields: Local market standard. Prices: US, UK in 32nds., others in decimal

Technical Data/ATLAS Price Sources

FT INTERNATIONAL BOND SERVICE

Listed are the latest international bonds for which there is an adequate secondary market. Closing prices on October 3

U.S. DOLLAR STRAIGHTS — Issued, Bid, Offer, Change on day, week, Yield

YEN STRAIGHTS

OTHER STRAIGHTS

DEUTSCHE MARK STRAIGHTS

SWISS FRANC STRAIGHTS

FLOATING RATE NOTES — Spread, Bid, Offer, C.dte, C.cpn, C.yld

CONVERTIBLE BONDS — Cnv. date, Cnv. price, Bid, Offer, Chg. day, Prem

* No information available—previous day's price
† Only one market maker supplied a price

Straight Bonds: The yield is the yield to redemption of the mid-price; the amount issued is in millions of currency units except for Yen bonds where it is in billions. Change on week=Change over price a week earlier.

Floating Rate Notes: Denominated in dollars unless otherwise indicated. Coupon shown is minimum. C.dte=Date next coupon becomes effective. Spread=Margin above six-month offered rate (‡ three-month; § above mean rate) for US dollars. C.cpn=The current coupon.

Convertible Bonds: Denominated in dollars unless otherwise indicated. Chg. day=Change on day. Cnv. date=First date of conversion into shares. Cnv. price=Nominal amount of bond per share expressed in currency of share at conversion rate fixed at issue. Prem=Percentage premium of the current effective price of acquiring shares via the bond over the most recent price of the shares.

INTERNATIONAL CAPITAL MARKETS

World Bank seeks global $ bonds

By Stephen Fidler, Euromarkets Correspondent

THE WORLD BANK is interested in pursuing the concept of global dollar bonds – securities simultaneously issued in the US and other markets – and is likely to make such an offering by the end of next year, according to Mr Don Roth, the bank's treasurer. Before then, the bank plans to start a dialogue about the best method for bringing such an issue.

In an article in the Journal of International Securities Markets last week, two World Bank staff members made proposals to overcome the "twin factors of inertia and vested interest" which ensure that US and international bond offering practices continue to differ.

They suggested a global bond offering should incorporate a highly-rated issuer borrowing in US dollars in an amount of $750m or more, making semi-annual interest payments and listing the issues in Luxembourg. The bonds should be in book-entry or registered form and probably in maturities of three, five, seven or 10 years.

Mr Roth said one of the World Bank's long-standing aims had been to keep yield spreads between market benchmarks and its own issues as low as possible. "The question is how we make the market for our bonds more efficient, and a global bond issue is one way to achieve a more efficient market."

Once a global bond issue framework was in place for issuance in the Tokyo, New York and London markets, "institutional investors would know that we would be in this market on a regular basis."

In the first quarter of the financial year, which started on July 1, the bank was on target for its $11.5bn borrowing programme this year.

It borrowed $2.75bn at an average effective yield of 7.40 per cent, with 56 per cent of its post-swap borrowings in US dollars. About $600m of non-dollar issues were swapped into US dollars, achieving rates of at least 60 basis points below London interbank offered rates.

The bank has said that this year 54 per cent of its post-swap borrowings would be in US dollars, compared with only 24 per cent in previous years.

Rothschild in Langoni venture

By Peter Montagnon, World Trade Editor

M.N. ROTHSCHILD, the UK merchant bank, has joined forces with Dr Carlos Langoni, the former Brazilian central bank governor, to create a company to develop opportunities in the growing Brazilian debt/equity swap market.

The venture, named Projeta, will be majority controlled by Dr Langoni. It will offer advisory services in debt/equity and debt/export swaps and privatisations. It also intends eventually to manage debt/equity related funds, as well as international equity issues by leading Brazilian companies.

Essentially it will involve merging the consultancy activities of Dr Langoni in Brazil with Rothschild's existing business in the country, according to Mr Charles Alexander, a Rothschild director.

The aim is to develop a synergy between Dr Langoni's close contacts in Brazilian industry and Rothschild's international expertise.

Mr Alexander said the company would start with the advantage of not having any Brazilian debt on its books and, unlike some its competitors, would therefore be able to offer neutral advice.

"Rothschild's has never actually had any quarrel with Dr Langoni or his successors at the central bank," he said.

Recently it advised Odebrecht, Brazil's largest construction company, on the purchase of a Portuguese firm.

Matsushita in $300m funding

By Norma Cohen

PANASONIC Finance (Netherlands) BV, a subsidiary of Matsushita Electric Industrial, is setting up a $300m medium-term note programme in the Euromarket, the first Japanese company to do so.

Co-arrangers of the programme are Nomura International and Merrill Lynch International. The notes will be backed by the parent company, which has a AAA credit rating.

Notes will be offered on a continuous basis and will have maturities ranging from one to five years. Nomura, which has never before arranged a medium-term notes programme, said it would make a secondary market in the securities to investors.

Proceeds of the offering will be used to expand operations of Matsushita group companies, principally in Europe.

Wembley, the leisure group which owns the Wembley sports and entertainment complex, has mandated a £50m commercial paper programme through Barclays de Zoete Wedd.

The financing is the company's first in the Euromarkets and will be used to augment existing sources of short-term finance.

The programme is backed up by a £50m line of credit from Barclays Bank.

Separately, Shearson Lehman Hutton International said it had formed a syndicate for the sale of 5m shares of Safra Republic Holdings, the new private client bank to be established by Mr Edmund Safra, the financier.

Co-lead managers are Merrill Lynch, Salomon Brothers, UBS Securities and S.G. Warburg.

The shares are indicated at $53.50 to 57.50 each, raising $270m to $290m, with formal pricing set for mid- to late-October.

Brazil to crack down on informal debt conversion

By Our Euromarkets Staff

BRAZIL will no longer allow its state-owned enterprises and municipalities to use informal conversions of commercial bank debt purchased in the secondary market to pay local debts, according to Mr Mailson da Nobrega, the Brazilian Finance Minister.

In London, Mr da Nobrega said Brazil would halt the practice because the use of the informal market in debt-for-equity swaps to repay local debts denominated in cruzados had driven the black market price for dollars as much as 70 per cent higher than the official exchange rate.

"We felt that some of these transactions were not sound as far as the law was concerned," Mr da Nobrega said.

It is not clear how much the informal conversions can be attributed to state-owned enterprises.

Consequently, it is difficult to determine whether the new policy will damp demand for purchases of commercial bank debt in the secondary market.

The formulae for informal conversions involve repayment of dollar debts in cruzados, rather than in central bank-held dollar accounts.

As a result, local businesses have begun to "under-invoice" for goods they export which are billed in dollars. The difference is then used to repay local debts in cruzados, but at an exchange rate well below the official rate.

Chase to join selling Italian mutual funds

By Alan Friedman in Milan

CHASE MANHATTAN, the US bank, is joining forces with Mr Silvio Berlusconi's Fininvest group in Italy to market two new mutual funds designed to channel Italian investment into foreign equities and bonds.

Chase executives said in Milan yesterday the aim was to attract as much as L200bn ($144m) of funds within the next 12 months.

The US bank joins a growing list of foreign institutions moving into the Italian market for financial services.

Mr Berlusconi's group, best known outside Italy as a private television empire, has a substantial national sales network for financial services.

Telecom Australia plans novel Euro issue

By Our Euromarkets Staff

TELECOM Australia (Australian Telecommunications Commission) is planning a A$150m Eurobond issue which carries an investor option to exchange the deal with an outstanding domestic issue from the borrower – the first time such a structure has been used in the Australian dollar sector.

The formal launch of the issue will be within the next two weeks. Samuel Montagu is the lead manager on the issue, which has the guarantee of the Commonwealth of Australia.

Carrying a 12 per cent coupon and a final maturity of September 1 1995, it will be exchangeable with Telecom Australia's domestic 12 per cent stock due on the same date, of which there is currently A$320m outstanding. Bond holders will exchange their bonds at the prevailing market yield.

The issue was welcomed as an interesting potential solution to the charges of illiquidity which have often been levelled at the Australian dollar sector. However, some dealers were reserving judgment until they had the chance to gauge the bond's performance in the secondary markets.

Samuel Montagu has undertaken to make a two-way market in the bonds of at least A$1m by A$1m nominal on a bid/offered spread of ¼ point.

Japan foothold for Eurobrokers

By David Lascelles

EUROBROKERS, the international money broking firm, has set up a joint venture in Tokyo with the Yago Tanshi company.

The venture, called Yago Euro Company and due to start operations in the next three months, extends a trend whereby all the leading broking companies have obtained footholds in the Japanese market, which they view as a growth area.

Eurobrokers has also formed a London subsidiary to expand its activities in off-balance sheet products.

Pending employment data put dollar issues on hold

By Dominique Jackson

A SOLE NEW 10-year dollar straight issue emerged in the primary Eurobond market yesterday with most syndicate teams settling down for a quietish week ahead of Friday's US jobs data for September, which are seen as the next market milestone.

Last week's crop of new dollar straights – including $1.8bn in three seven-year deals for Italy, Alberta and the Japan Development Bank – benefited from the buoyant tone shown by the US Treasury market as last Friday's New York rally, prompted by easier crude oil prices, followed through in Tokyo and Europe early yesterday.

All three were well bid yesterday, as was last week's five-year issue for Campbell Soup.

With the seven-year sector already brim-full with top-quality new paper, IBJ International elected to bring British Telecom to the 10-year end of the market with a $250m issue at 9⅝ per cent and 101½.

The deal was through a financing vehicle and carries the guarantee of the parent company, which is a triple-A rated credit.

The issue was priced to offer a yield margin at launch over comparable US Treasury issues of 40 basis points – a spread which was considered on the aggressive side but acceptable given the standing of the borrower – and which narrowed later in the day, in line with the Treasury market gains, by a couple of basis points.

The 10-year area of the dollar straight market has not been tapped for some time and swaps at that maturity are not

INTERNATIONAL BONDS

highly liquid at the moment.

However, many dealers said they had detected a fair amount of demand for longer-dated paper, reflecting recent improved sentiment for the currency itself, a sharp contrast to the pre-summer period seen earlier this year when several two, three and even one-year dollar straights were launched.

The sector as a whole has seen a rush of new paper lately, with $2.3bn issued last week alone.

However, the timely launch of the British Telecom deal, which emerged well before the anticipated market slowdown ahead of Friday's data, should ensure that the deal is fully placed in time. It was bid at a discount equal to its total 2 per cent fees at the close of trading yesterday.

In the equity warrant sector, one new deal emerged for traditional house builder Kobori Juken. The coupon on the four-year $100m deal was indicated at 5 per cent while the deal was bid at a discount equal to fees.

One new deal yet to be launched is for Kobe Steel, which was already commanding an attractive four-point grey market premium yesterday, reflecting the increased selectivity of investors in the sector.

Elsewhere, Aegon, the Dutch insurance group, brought a Fl 150m five-year issue accompanied by currency warrants, via Algemene Bank Nederland with Morgan Stanley as co-lead. This is the second such issue, following a similar issue for SEK last week.

Daiwa Finanz, recently established in Switzerland, made its debut in the Swiss capital markets with a SFr10m five-year issue for Nitchiku, the Japanese meat trading house. The deal is priced at 100¼ and carries a 4⅞ per cent coupon.

FAI, the Australian insurance group, also tapped the market via a financing subsidiary. S.G. Warburg Soditic was the lead manager on the eight-year SFr160m deal on which the coupon is indicated at 5¼ per cent and the price at par, terms which will be fixed by October 28.

NEW INTERNATIONAL BOND ISSUES

Borrower	Amount m.	Coupon %	Price	Maturity	Fees	Book runner
US DOLLARS						
British Telecom Fin.♦	250	9⅝	101½	1998	2/1¼	IBJ Int.
Kobori Juken Co.♦	100	(5)	100	1992	2¼/1½	Yamaichi Int. (Eur)
Final terms fixed on:						
Mitsubishi Plastics♦♦	100	5	100	1992	2¼/1½	Nikko Secs.(Europe)
Nakanogumi Corp.♦♦	40	5⅜	100	1992	2¼/1½	Yamaichi Int. (Eur)
D-MARKS						
Final terms fixed on:						
Ryobi Ltd.♦♦	100	3	100	1995	2¼/1½	DG Bank
SWISS FRANCS						
FAI Financial Services	160	(5¼)	(99)	1996	2⅜	Warburg Soditic
Nitchiku Ltd.★★♦	10	4⅞	100¼	1993	1⅞	Daiwa Finanz
Final terms fixed on:						
Kanematsu Elec.§★★(a)♦	50	½	100	1994	1⅞/1⅞	Warburg Soditic
Pokka Corp.§★★(b)♦	100	½	100	1993	n/a	Credit Suisse
Haneda Hume Pipe§★★(c)♦	30	1½	100	1994	n/a	Handelsbank NatWest
ECUs						
General Electric♦	150	7⅝	101½	1992	1⅞/1⅞	Bankers Trust Int.
GUILDERS						
Aegon♦(d)★★♦	150	½	98	1993	2/1¼	ABN

★Not yet priced. ★★Private placement. §Convertible. ♦With equity warrants. ♦Final terms. ♦With currency warrants. Put options fixed as follows: a) 3/3/91 at 108¾ to yield 3.789%. b) 30/4/91 at 108¾ to yield 3.824%. c) 31/3/91 at 104⅞ to yield 3.443%. d) Each Fl10,000 has 26 warrants to buy $500 with DM (to be fixed 4/10/88) between 1/11/88 and 5/10/90.

LONDON MARKET STATISTICS

FT-ACTUARIES SHARE INDICES

These indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

	EQUITY GROUPS & SUB-SECTIONS (Figures in parentheses show number of stocks per section)	Index No. (Monday October 3 1988)	Day's Change %	Est. Earnings Yield% (Max.)	Gross Div. Yield% (Act at 25%)	Est. P/E Ratio (Net)	xd adj. 1988 to date	Fri Sep 30 Index No.	Thu Sep 29 Index No.	Wed Sep 28 Index No.	Year ago (approx) Index No.
1	CAPITAL GOODS (210)	786.18	-1.1	10.93	4.22	11.51	21.51	795.87	791.40	788.84	[illegible]
2	Building Materials (25)	979.98	-0.6	12.51	4.44	9.88	26.51	985.28	983.51	977.79	1264.68
3	Contracting, Construction (37)	1551.39	-0.4	13.89	4.16	8.57	39.62	1571.60	1559.80	1553.42	[illegible]
4	Electricals (12)	2189.14	-1.6	9.19	4.70	13.31	55.75	2218.62	2193.28	2193.58	2574.22
5	Electronics (29)	1686.43	-1.6	10.52	3.69	12.24	40.71	1724.22	1705.63	1705.21	2174.39
6	Mechanical Engineering (57)	418.15	-1.1	10.62	4.35	11.55	12.05	424.53	413.67	411.76	539.64
8	Metals and Metal Forming (7)	487.47	-1.1	9.98	4.97	12.39	10.86	493.17	[illegible]	[illegible]	[illegible]
9	Motors (16)	276.89	-2.2	11.62	4.79	9.76	8.12	283.14	281.17	278.49	[illegible]
10	Other Industrial Materials (23)	1336.39	-1.3	9.46	4.57	12.38	43.08	1349.58	1342.68	1338.77	1724.89
21	CONSUMER GROUP (186)	[illegible]	-1.4	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
22	Brewers and Distillers (21)	1123.79	-0.5	10.52	3.66	11.99	23.80	1128.88	1141.44	1135.14	1221.45
25	Food Manufacturing (21)	951.95	-0.7	9.30	3.96	13.59	18.95	958.88	962.85	947.35	1058.88
26	Food Retailing (16)	1814.43	-1.0	9.50	3.71	13.91	41.49	1838.62	1834.66	1831.63	2334.98
27	Health and Household (12)	1871.74	-1.4	6.85	2.65	16.44	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
29	Leisure (30)	1361.34	-1.8	9.64	3.77	14.28	29.97	1378.99	1364.81	1346.74	1474.28
31	Packaging & Paper (17)	532.86	-0.5	10.33	4.86	12.57	15.94	535.44	534.85	[illegible]	[illegible]
32	Publishing & Printing (19)	[illegible]	-1.2	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
34	Stores (34)	732.58	-1.7	11.29	4.54	11.64	16.78	745.14	746.44	748.57	1117.87
35	Textiles (16)	495.49	-2.4	13.97	5.59	8.80	12.74	502.29	504.39	497.85	818.82
40	OTHER GROUPS (92)	894.65	-1.1	11.29	4.53	10.72	22.77	900.57	899.49	895.19	[illegible]
41	Agencies (17)	1049.81	-1.4	8.73	2.61	16.47	13.88	1062.60	1061.62	1052.60	1567.84
42	Chemicals (22)	1047.82	-1.5	12.13	4.86	9.91	37.81	1064.13	1057.29	1046.81	[illegible]
43	Conglomerates (11)	1228.28	-1.3	12.75	4.67	10.63	24.92	1255.12	1231.56	1224.65	[illegible]
45	Shipping and Transport (12)	[illegible]	-0.4	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
47	Telephone Networks (2)	961.22	-0.9	11.55	4.63	11.25	28.38	970.17	973.34	964.96	1128.93
48	Miscellaneous (26)	[illegible]	-0.4	11.34	4.61	9.71	37.16	[illegible]	[illegible]	[illegible]	1773.78
49	INDUSTRIAL GROUP (488)	952.16	-1.3	10.48	4.13	11.93	22.95	962.91	961.48	954.27	1209.23
51	Oil & Gas (12)	1731.55	-1.9	10.91	6.44	11.74	78.25	1763.26	1778.25	1727.66	2290.82
59	500 SHARE INDEX (500)	[illegible]	-1.3	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
61	FINANCIAL GROUP (125)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
62	Banks (8)	667.01	-1.2	21.56	6.55	6.22	31.13	675.34	[illegible]	671.92	874.91
65	Insurance (Life) (9)	[illegible]	-1.4	–	5.25	–	36.95	[illegible]	[illegible]	[illegible]	[illegible]
66	Insurance (Composite) (7)	[illegible]	-0.7	–	5.90	–	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
67	Insurance (Brokers) (7)	924.35	-2.1	16.36	4.90	12.49	41.49	[illegible]	[illegible]	[illegible]	1274.24
68	Merchant Banks (11)	332.55	-1.6	–	4.42	–	9.28	[illegible]	[illegible]	[illegible]	[illegible]
69	Property (51)	1180.37	-1.8	5.99	2.84	22.86	14.95	1200.32	1193.44	1181.04	1335.99
70	Other Financial (31)	344.43	-1.8	19.44	5.55	11.81	11.64	[illegible]	[illegible]	[illegible]	[illegible]
71	Investment Trusts (78)	904.68	-0.9	–	3.33	–	15.75	[illegible]	[illegible]	[illegible]	[illegible]
81	Mining Finance (2)	581.04	-2.7	10.39	3.60	10.66	15.67	596.93	594.48	586.58	[illegible]
91	Overseas Traders (8)	1297.46	-2.9	9.28	4.58	12.69	35.31	[illegible]	[illegible]	[illegible]	[illegible]
99	ALL-SHARE INDEX (711)	935.89	-1.3	–	4.98	–	25.42	948.27	946.56	937.79	[illegible]

	Index No.	Day's Change	Day's High	Day's Low	Sep 30	Sep 29	Sep 28	Sep 27	Year ago
FT-SE 100 SHARE INDEX ♦	1802.6	-23.9	1817.4	1802.6	1826.5	1829.8	1812.5	1808.0	[illegible]

FIXED INTEREST

	PRICE INDICES	Mon Oct 3	Day's change %	Fri Sep 30	xd adj. today	xd adj. 1988 to date
	British Government					
1	5 years	119.30	+0.07	119.44	0.22	9.87
2	5-15 years	136.52	+0.12	136.35	–	9.99
3	Over 15 years	147.18	+0.20	146.82	–	11.09
4	Irredeemables	169.05	+0.16	168.79	–	8.84
5	All stocks	133.55	+0.12	133.48	0.08	10.06
	Index-Linked					
6	5 years	128.31	+0.17	128.10	–	1.81
7	Over 5 years	121.88	+0.18	121.67	–	2.65
8	All stocks	122.24	+0.18	122.02	–	2.57
9	Debentures & Loans	116.63	-0.06	116.74	0.07	8.66
10	Preference	87.71	+0.20	87.94	0.40	4.98

	AVERAGE GROSS REDEMPTION YIELDS		Mon Oct 3	Fri Sep 30	Year ago (approx.)
	British Government				
1	Low	5 years	9.74	9.75	9.57
2	Coupons	15 years	9.40	9.42	9.45
3		25 years	9.07	9.09	[illegible]
4	Medium	5 years	10.15	10.17	10.28
5	Coupons	15 years	9.62	9.64	[illegible]
6		25 years	9.25	9.27	[illegible]
7	High	5 years	10.31	10.37	10.36
8	Coupons	15 years	9.76	9.80	[illegible]
9		25 years	9.34	9.38	[illegible]
10	Irredeemables		9.87	9.88	[illegible]
	Index-Linked				
11	Inflation rate 5%	5 yrs.	3.26	3.32	3.54
12	Inflation rate 5%	Over 5 yrs.	3.89	3.90	4.17
13	Inflation rate 10%	5 yrs.	2.16	2.22	[illegible]
14	Inflation rate 10%	Over 5 yrs.	3.72	3.73	4.19
15	Debs & Loans	5 years	11.75	11.67	11.66
16		15 years	11.25	11.21	11.48
17		25 years	10.91	10.89	11.31
18	Preference		10.25	10.19	[illegible]

Opening index 1811.4; 10 am 1817.4; 11 am 1814.7; Noon 1814.3; 1 pm 1814.3; 2 pm 1814.6; 3 pm 1814.1; 3.30 pm 1809.5; 4 pm 1808.2

† Flat yield. Highs and lows record, base dates, values and constituent changes are published in Saturday issues. A new list of constituents is available from the Publishers, The Financial Times, Bracken House, Cannon Street, London EC4P 4BY, price 15p, by post 32p.

NAME CHANGE: Metal Box (31) has changed to MB Group.

RISES AND FALLS YESTERDAY

	Rises	Falls	Same
British Funds	91	0	21
Corporations, Dominion and Foreign Bonds	16	1	32
Industrials	276	576	747
Financial and Properties	67	259	337
Oils	11	49	45
Plantations	0	1	12
Mines	25	55	113
Others	48	99	135
Totals	534	1,040	1,442

LONDON RECENT ISSUES

EQUITIES

Issue Price p	Amount Paid up	Latest Renunc. Date	1988 High	1988 Low	Stock	Closing Price p	+ or -	Net Div.	Times Covered	Gross Yield	P/E Ratio
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

FIXED INTEREST STOCKS

Issue Price £	Amount Paid up	Latest Renunc. Date	1988 High	1988 Low	Stock	Closing Price £	+ or -
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

RIGHTS OFFERS

Issue Price p	Amount Paid up	Latest Renunc. Date	1988 High	1988 Low	Stock	Closing Price p	+ or -
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

TRADITIONAL OPTIONS

- First Dealings Sep 26
- Last Dealings Oct 7
- Last Declarations Dec 22
- For settlement Jan 9

For rate indications see end of London Share Service

Stocks favoured for the call included A&M Hire, Trusthouse Forte, Land Leisure, PML, Carless, Empire Stores, James Neill, Morgan Grenfell, Gateway and Charles Church. No put or double options were reported.

LONDON TRADED OPTIONS

Option		Calls			Puts		
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

October 3 Total Contracts 24,118 Calls 13,362 Puts 10,756
FT-SE Index Calls 657 Puts 1246
*Underlying security price.

UK COMPANY NEWS

Tootal seeks acquisitions after 15% rise to £19m

By Alice Rawsthorn

TOOTAL, one of the largest textile groups in the UK, increased pre-tax profits by 15 per cent to £19.1m in the first half of the year despite increased competition in the US thread and UK clothing markets.

Mr Geoffrey Maddrell, chief executive, said that the reorganisation of Tootal's thread, clothing and office supplies interests had been completed. The group now intends to expand by acquisition with the proceeds of last May's rights issue.

Tootal raised £54m from the issue. Part of the proceeds has already been used to take full control of Lantor International, a specialised textile concern, and to expand thread production in China.

The group now intends to augment its clothing production for Marks and Spencer in the UK, to expand within office supplies elsewhere in Europe and to strengthen Lantor's presence in the US.

Tootal's shares fell by 2p to 97¼p – just ½p below the rights price – yesterday.

Group sales fell to £238.8m (£246.1m) in the six months to July 31. Mr Maddrell said that the fall reflected withdrawal from less profitable areas of activity – chiefly in clothing – and a £10m sales loss from adverse currencies. After allowing for these factors the group mustered underlying growth of 6 per cent.

The proceeds of the rights issue brought gearing down to 20 per cent by the end of the interim period. As a result Tootal paid just £3.5m (£4.2m) in interest. Earnings per share rose to 5.03p (4.6p). An increased interim dividend of 1.8p (1.7p) is proposed.

The thread division saw profits rise to £10.4m (£8.6m) on sales of £94.1m (£97.8m). Tootal fared well in Asia, where it benefited from supplies of low cost yarn from its Chinese mills. English Sewing returned to profits growth, as its restructuring was finally completed. But the group faced pressure on sales and margins in the US.

Tootal is expanding its thread interests in the Mediterranean by setting up "flexi-mills" – small finishing plants – in Turkey and Portugal.

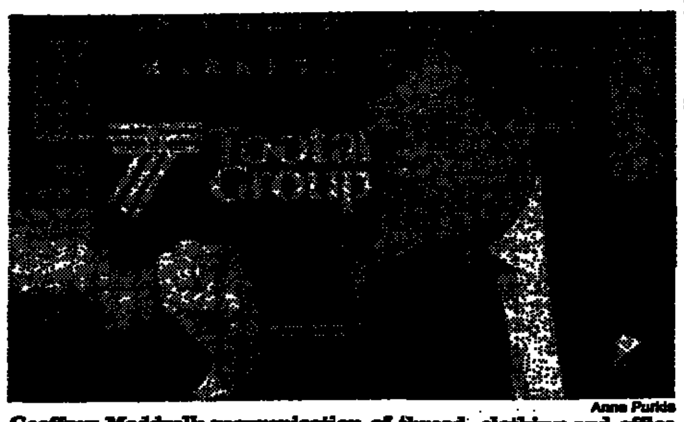
International fabrics mustered modest profits growth to £4.6m (£4.5m) on sales of £38.4m (£39.9m) after difficulties in batiks.

A strong performance from homewares boosted the contribution from clothing and homewares to £2.9m (£2.7m) on static sales of £67.1m. Mr Maddrell said that the clothing market is presently "rather soft" because of pressure from imports.

Specialised materials saw profits fall to £2m (£2.2m) on sales of £20.9m (£25m) because of distribution changes at Lantor and temporary delays in large contracts.

Office supplies suffered from problems in installing a new distribution system and profits fell to £841,000 (£922,000) on sales of £18.4m (£16.3m). Mr Maddrell said that the benefits of the new system should come through next year.

See Lex



Anne Purkis
Geoffrey Maddrell: reorganisation of thread, clothing and office supplies interests has been completed

Sharp setback for Mrs Fields

By Andrew Hill

AS FORECAST in July, Mrs Fields, troubled US cookie manufacturer and retailer, announced a drastic fall in pre-tax profits for the first half of 1988.

The group made only $323,000 (£190,000) in the six months to June 30, but that was before an exceptional provision of $15.4m, covering the closure of certain new stores in the US which performed below expectations.

The actual loss before tax was $15.1m, against pre-tax profits of $7m in the equivalent period. Mrs Fields' shares fell 6p to 54p yesterday.

Turnover increased from $41.8m to $59.7m, including a $6.84m contribution from affiliate La Petite Boulangerie. The loss per share was 0.1 cents, against earnings of 0.04 cents.

The company, quoted on the USM, has no share listing in the US, where recent trading problems arose. Stores opened recently in areas not previously covered by Mrs Fields failed to achieve forecast sales volumes, and the exceptional heat wave in the US aggravated the group's difficulties.

Since the July announcement, the group has closed or sold 22 stores and plans the disposal of a further 21 during the rest of October, and 77 more in subsequent months.

Mrs Fields said the results were also adversely affected by an increase in interest costs, which rose from $600,000 to $2.5m, and higher depreciation and amortisation, up from $2.6m to $4.2m.

The group stated that the store closures would allow it to concentrate on the combination store concept, integrating La Petite Boulangerie, which belongs to Mrs Fields' private parent company. The cookie manufacturer is also involved in talks with one or more non-US groups which may lead to the sale of a minority interest and a commercial agreement concerning its operations outside the US.

Mrs Fields has deferred the payment of an interim dividend until the trading results for the full year become clear.

Prospective Group improves to £4.1m

Prospective Group, provider of marketing services, reported a rise in pre-tax profits from an adjusted £2.68m to £4.1m for the year to July 31. Turnover grew by 58 per cent to £40.7m.

Basic earnings worked through at 10.64p (7.48p) and shareholders are to receive a dividend of 1p.

Prospective, traded on the USM and formerly known as the Pineapple Group, also announced the acquisition of Instant Marketing Associates, an Australian company specialising in promotional games, for £476,000 in cash plus the issue of 148,810 shares.

Serco meets forecasts with £1.76m half-way

SERCO GROUP has increased pre-tax profits by £291,000 to £1.76m for the six months to end-June 1988, in line with the management's forecast of not less than £1.7m at the time of its flotation in May.

The group is a task management contractor to government and industrial customers. Its contracts include the maintenance of a large proportion of Greater London's traffic lights as well as managing Britain's ballistic missile early warning system (BMEWS).

Turnover grew to £22.4m (£15.4m) and operating profit £1.5m (£1.09m). The interest charge fell to £93,000 (£126,000) and after exceptional items of £366,000 (£343,000) and tax of £741,000 (£552,000) earnings per 2p share were 13.5p (11.9p).

Dr George Gray, chairman, said all significant contracts due for re-tender had been renewed and a number of others extended. A number of new contracts had been won, including some in the areas of education and training and industrial facilities management.

There is no interim dividend, but directors forecast a final of 5p at the year-end.

GKN helps disperse Westland's clouds

David White and **Andrew Hill** report on a useful partner for the helicopter group

THE CLOUDS that in the early summer were again gathering over Westland, the UK's last remaining name in helicopters, have suddenly dispersed.

Worries about the future of the company, veteran of a bloody political battle two years ago, grew with the approach of a gaping "black hole" in its helicopter order book and with the announcement by Italy's Fiat group in June that it was putting its minority stake up for sale.

Two events have now changed that picture.

The first was Britain's record £10bn arms agreement with Saudi Arabia, due to include about 80 WS-70 helicopters, Westland's version of the Black Hawk, licensed by Sikorsky of the US. It will be the long-awaited first sale of this helicopter, which the UK Ministry of Defence does not want to buy.

The order is enough to make production viable. And it is vindication of sorts for the entry into Westland of Sikorsky's parent company, United Technologies, in 1986, in preference to a European initiative.

The second event came yesterday with the announcement that GKN was, in agreement with United Technologies, taking up Fiat's stake of just under 8 per cent in Westland voting stock, plus 14 per cent from the Hanson group, for a combined total of £47.8m.

Mr David Lees, GKN chairman, said yesterday that in the longer term it hopes "in one way or another" to build up a controlling interest. It is not committed to staying in Westland for any minimum period, but has agreed with the US group that either should have first refusal on each other's stake in the event of a pull-out. United Technologies is expected to hang onto its holding of 7.79 per cent.

The move promises to provide Westland with the kind of security enjoyed by the West's seven other helicopter manufacturers, whose survival in a highly cyclical business is helped by the backing of either major industrial conglomerates or government ownership.

It brings in an industrial partner that has, if not a grand design for the European helicopter business, at least a clearly thought-out strategy. And after the rumpus in the Cabinet two years ago, it offers the Government a comfortingly British solution.

Fiat's participation was a sweetener in the 1986 restructuring, giving at least a semblance of European flavour for critics who saw Westland becoming a US Trojan horse. The Italian group appears to have been seeking benefits for its aero-engine side through Pratt and Whitney, which is also a United Technologies subsidiary, and to have been contemplatinga multinational helicopter venture by taking up the Italian state-controlled company, Agusta. Whatever its plans were, they never materialised.

GKN and United Technologies now have just under 30 per cent of Westland's voting capital between them. If all other shares were fully converted, this would rise to just under 42 per cent. Mr Alec Daly, GKN's managing director for defence, will join Westland's board and the company wants to match UTC's presence with a further member.

Mr Lees would not go into the prospects for wider co-operation with the US group. But he said: "It is our very firm intention to work together to make these investments worthwhile."

GKN's share of Westland sales roughly doubles its defence side, which currently accounts for 5 per cent of its £2bn turnover. Mr Lees said the medium-term intention was to increase this to between 20 and 25 per cent. It could not do this by organic growth alone.

City reaction to the deal yesterday was broadly favourable. Shares in GKN fell 16p to 366p, but this was blamed on the generally depressed market and the poor perception of Westland following the storm over its ownership in 1986.

GKN's interest in Westland, Mr Lees said, went back "probably 12 months at least" and was not altered by what he described as "unexciting" profit expectations for the Yeovil-based company in the short term.

City analysts expect Westland to have a flat two years – it should make about £27m before tax in the year ended last Friday and not much more in the current year. However, most seem confident about the longer term future for the helicopter maker, especially with the added muscle of GKN, earnings of which should benefit slightly in results for the year to December 31.

Most observers believe that GKN will eventually move to acquire a controlling interest in Westland – Mr Lees suggested as much yesterday – but the timing may depend on when GKN decides to sell its 39 per cent stake in United Engineering Steels, a producer of steel engineering rods, which no longer fits into GKN's three-pronged strategy in the defence, industrial services, and automotive sectors.

The group plans to become the MoD's "obvious choice" as prime contractor for army weapons systems, with a position akin to that of British Aerospace in air systems and Vickers Shipbuilding and Engineering in ships and submarines. It needs to fit in with a growing trend of company involvement from the earliest planning stages.

For this, it argues, it needed a bigger base than the two, albeit successful, defence products for which it is prime contractor, the Saxon and Warrior armoured combat vehicles.

Helicopters fit into the picture as Britain, somewhat behind some of its allies and certainly behind the Soviet Union, tackles its response to the "air/land battle" concept, based on the interplay of airborne and ground forces. The Army's new 24 Air Mobile Brigade, due to be fit for Nato service in just over a year's time, is far from having all the armament and equipment it wants. Requirements that might come directly within GKN's range of expertise include special vehicles for ground mobility that can be lifted by helicopter.

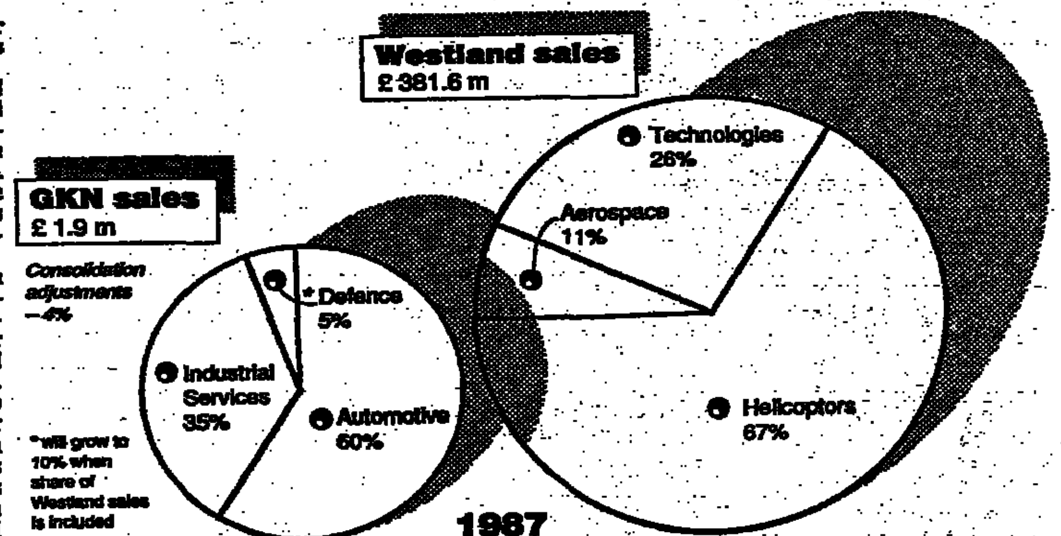
A new dedicated army attack helicopter is also on the Army's shopping list. This might be the Tonal, a project based on the Italian Agusta A-129 and still in the feasibility and cost definition stage, currently bogged down in differences between the four countries involved about the aircraft's configuration. Or it might a version of the existingMcDonnell Douglas AH-64 Apache, entering service in the US. Westland would be involved either way, as a partner or a licensee.

This is seen as guaranteeing work for the group, alongside the Anglo-Italian EH101 naval, transport and utility helicopter, described by Mr Lees as a "very, very solid" programme. He held out the possibility that United Technologies might be interested in the EH101 under a return licensing arrangement.

GKN's interest is also directed to Westland's growing non-helicopter activities: its aerospace division, particularly its expertise in advanced composite and metal structures, and its technologies division.

In making its purchase, GKN said it was "signalling to the defence industry and customers that we are serious and that we intend to succeed."

Part of the aim, Mr Lees said, was to become increasingly attractive to European or overseas collaborators. "Our move into Westland isn't the end of the road at all."



Britannia Security makes £4.54m acquisition

BRITANNIA SECURITY Group, acquisitive business services and security company, has bought Mather and Platt Alarms for £4.54m cash. Mather makes intruder alarms and closed circuit television and access control systems.

In the year to end-June, Mather reported pre-tax profits before tax and exceptional items of £288,000 on turnover of £5.5m. There were also exceptional debits of £729,000 relating to a change in accounting policy and £200,000 for a stock provision.

The balance sheet showed a net deficit at the year end of £1.59m.

Mr Anthony Record, chairman, said the acquisition provided a rare opportunity to enter the high security banking sector.

Ossory Estates up at £3.77m

OSSORY ESTATES, property investor and developer, more than doubled pre-tax profits from £1.72m to £3.77m in the year to June 30 on turnover up £17.65m to £20.85m.

Mr John Walker, chairman, said the value of group investments had risen by a net £8m to £36m at the end of the period. This had boosted net asset value to 21.01p (fully diluted) at June 30, against 12.87p at the end of the previous year.

A final dividend of 0.35p is proposed, for a total of 0.5p (0.1p).

S Lyles up 88% to £1m

Further improvements in operating efficiency helped S Lyles, carpet yarn spinner and dyer, to increase pre-tax profits 88 per cent from £549,000 to £1.03m in the year to June 30. Turnover rose from £16.37m to £20.96m and operating profit was up 63 per cent to £1.13m.

Mr John Lyles, chairman, said that since the year end demand had been sustained. A final dividend of 2p has been proposed, for a total of 3.5p (3.125p adjusted), on earnings per 20p share of 8.55p (4.47p).

DIVIDENDS ANNOUNCED

		Current payment	Date of payment	Corres-ponding dividend	Total for year	Total last year
Barry Wehmiller	fin	3	Dec 5	2	4.6	2
Bliss (Percy)	int	5.15	-	4.9	-	13.26
Dewhirst	int	1.15	Nov 21	1.15	-	3.45
Dualite	int	0.55	Dec 30	0.5	-	1.63
Kelsey	int	1	Nov 7	nil	-	nil
Leeward	int	2.75	Dec 1	2	-	7
Lyles (S)	fin	2	Jan 3	1.75*	3.5	3.13*
North Brit Can	int	2.7	-	2.5	-	8.1
Ossory Estates	fin	0.35†	Dec 1	-	0.5	0.1
Prospective	fin	1	Feb 1	nil	1	nil
Scott Robertson	int	1.2	Dec 1	1	-	4
Thorpe Sardex	int	0.85	-	0.75	-	2.25
Tootal	int	1.8	Jan 6	1.7	-	4.5♦
Triplevest	int	8.692	Oct 1	7.471	-	14.531

Dividends shown pence per share net except where otherwise stated. *Equivalent after allowing for scrip issue. †On capital increased by rights and/or acquisition issues. §USM stock. ¶Unquoted stock. ♦Third market.♦ With scrip option.

Sandell has 38.4% of Travis

Sandell Perkins said it had received acceptances for 38.4 per cent of the shares in Travis & Arnold, fellow timber and builders' merchant. It also had acceptances, without valid cover under the Takeover Code, for an additional 3.1 per cent.

Acceptances include 2.2 per cent over the irrevocable commitments received from family and board members at Travis.

Travis is supporting the £142m all-share merger with Sandell against a higher cash offer worth £177m from Meyer International, another builders' merchant. The first closing date for the Sandell offer is October 11.

Taking into account a planned special dividend, the Sandell offer was worth 400p last night, exactly 100p less than the Meyer bid.

AmBrit into loss

AmBrit International, USM-quoted oil and gas company formerly known as Steaua Romana, lost £288,056 pre-tax in the first half of 1988. This compared with profits of £18,554.

Interest costs rose by over £100,000 and exchange losses took £222,379 (added £204,845).

BOARD MEETINGS

The following companies have notified dates of board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available as to whether the dividends are interims or finals and the sub-divisions shown below are based mainly on last year's timetable.

TODAY

Interims: Barry Wehmiller Intl, Brierley Invs, Lyles (S), Percy Bliss, Prospective Group, Mitsubishi, TR Pacific Inv Tst.

Finals: Bliss (Percy), Chamberlin, Dewhirst, Eurochannel, Kelsey, Leeward, Scott Robertson, Thorpe Sardex, Tootal.

FUTURE DATES

Interims:	
Abbey Life	Oct 12
Arlington Secs	Oct 10
BM88	Oct 20
British Telecom	Nov 17
Holt Energy	Oct 11
LPA	Oct 18
S & U Stores	Oct 7
Finals:	
Canadian O'seas Pack Inds	Oct 13
Hampton	Oct 6
Tay Homes	Oct 12

Vistec sells brief independence

By Clay Harris

IT MAY have been the briefest management buy-out on record. Having completed the purchase of Vistec from Granada Group on Friday, managers of the computer and viewdata communications services business yesterday announced its sale to F&H Group.

The acquisition was one of two announced yesterday by F&H, the latest stock market vehicle of Mr Bob Morton, former chairman of Burgess Group. Mr David Wallis, Vistec managing director, will take the same position in F&H, which will be renamed Vistec Group to reflect the core role of the division.

Granada said yesterday that it had been aware of Vistec's blueprint for brief independence. Mr George Gubas, Vistec director for computer sales, said F&H had emerged as a possible backer long after buy-out talks began in April.

Mr Morton claimed however that Granada learned of the transaction only on Friday, after it had signed the buy-out agreement. "The price had already been agreed with the management and I did a little deal with them," he said.

The two deals announced yesterday will more than double the number of F&H shares in issue or committed for deferred payment.

As a result, the USM-quoted shares were suspended yesterday at 20p, pending shareholders' approval. They had been trading for less than six weeks after returning from a three-month suspension which followed the cancellation of a rights issue.

On paper, the Vistec managers' purchase and sale prices were identical: Granada was paid £8m in cash last week; Vistec's erstwhile owners will receive up to 40m F&H shares, worth £8m at yesterday's suspension price.

F&H also announced the purchase of National Computing Services, a distributor of computer accessories such as floppy disks, for up to 20m shares, valued at £4m.

Formerly part of Electronic Rentals, which Granada bought last December, Vistec made a pre-tax profit of £1.1m on sales of £16.6m in the year to March. National Computing reported a profit of £360,000 on turnover of £4m in the 12 months to May.

On Friday, Mr Wallis had forecast that Vistec would double profits in three years as an independent company.

Yesterday he said: "Now with the backing of a public quote from day one, coupled with a proven management team at all levels operating in a rapidly advancing market sector, Vistec has all the ingredients to be a dominant force in the computer sector by 1990."

F&H is to seek shareholder approval to reduce the nominal value of its shares from 10p to 1p. This would wipe out the accumulated £2.4m deficit on the profit and loss account and allow the group to resume payment of dividends from the end of the current financial year next April.

The new name for the group solves a problem of identity created by the sale of F&H Controls, the former core business, to Harland Simon.

Its new emphasis on computers raises questions over the future of its three small existing businesses: an electrical contractor, an assembler of electrical components for the motor industry and a West German-based process control company.

Lamont rises 18% to £4.76m midway

By Vanessa Houlder

LAMONT HOLDINGS, Belfast-based textiles group, yesterday announced an 18 per cent improvement in pre-tax profits to £4.76m (£4.02m) for the first half of 1988. Turnover rose from £45.4m to £47.9m.

Sir Desmond Lorimer, chairman, reaffirmed his confidence in the group's future performance notwithstanding the threat of bear markets, increased interest rates and currency fluctuations.

The textile division, responsible for 88 per cent of turnover, increased trading profits by 13 per cent to £4m. Sales of carpets, which accounts for three-fifths of the division, were strong at the bottom end of the market. But the performance of Shaw Carpets, which operates in the middle of the market, was less buoyant as currency fluctuations squeezed export margins. Present signs were encouraging and order books were full.

Falling demand, resulting from changes in fashion, meant that the linen and linen blend yarns business incurred a loss of £100,000 on turnover reduced by £1m to about £3m. Demand was improving and the losses should be made good by the year end, said Sir Desmond.

Moygashel, the fabrics business, performed well, having completed its re-equipment programme, with good order books in apparel and furnishing fabrics.

The computing division, the largest of the group's non-textile interests, increased trading profits by 75 per cent to £484,000. The property division made trading profits of £403,000 and engineering's contribution rose by 42 per cent to £166,000.

An extraordinary item of £274,000 was comprised in part of £432,000 resulting from the sale of James H Lamont, the engineering company and the factory premises it occupied.

There was also an extraordinary charge to account for the total write-off of a £243,000 investment in Antrim Power Company – set up with Bechtel, GEC, Hanson and others to make a submission to the Government for the development of a lignite fired power station. Sir Desmond said that the Governmnent's abandonment of this concept after three years was a considerable disappointment and was contrary to earlier encouragement for a private enterprise project.

Gearing was under 3 per cent of shareholders's funds on June 30. The interest charge was reduced from £261,000 to £152,000.

After an increase in tax charge from 25 per cent to 30 per cent, earnings per share rose by 8 per cent to 14.17p (13.09p). An interim dividend of 2.75p - up 37.5 per cent - was declared.

● **COMMENT**

For part of an industry that has dropped out of favour in the City, Lamont's reputation remains reassuringly intact. Enthusiasm for Lamont stems from the turnround of the loss-making Shaw in the past two years and more generally from the way it has carved out excellent margins at the cheap end of the carpet market. The real question now, as with the rest of the industry, is how well could it cope with a downturn in consumer spending. Its strength lies in its low costs and sophisticated technology which gives it the flexibility, for example, to trade downmarket if conditions sorequire. In any case, these storm clouds have not yet gathered and - in the short term - Lamont reports an overbrimming order book and improved prospects for exports. Lamont is expected to clear £11.5m for the full year, which puts the shares, down 4p to 270p, on an undemanding rating of 8.

Chieftain strong midway

CHIEFTAIN Group, the specialist insulation and fireproofing contractor which plans to join the Unlisted Securities Market before the end of the year, made pre-tax profits of £783,000 for the eight months to August 31 1988. The figure is more than double the £356,000 in the previous 12-month period.

Turnover was £6.45m (£6.87m). Biggest contributors were offshore oil and gas and the land industrial market.

Bridon to purchase Bethlehem offshoot

By Clay Harris

BRIDON, Doncaster-based wire rope manufacturer, plans to buy the unprofitable wire rope division of Bethlehem Steel, the second largest US steel group.

Final terms and purchase price are under negotiation. Bridon said it would finance the purchase, expected to be completed by January 1, from existing resources.

At one time the largest US wire-rope operation, Bethlehem's plant at Williamsport, Pennsylvania, has suffered losses in recent years. It has about $36m (£21.4m) in annual sales, including, in recent years, new cable for the Brooklyn Bridge.

Bethlehem said that it would take an unspecified third quarter charge against the sale of the plant where losses had continued because of high operating costs and pressure of imports.

Mr David Allday, Bridon managing director, said the group planned to make the Bethlehem operation profitable by reducing employment from its present level of 450 to between 200 and 250. It also planned to operate the plant as a non-union facility, with labour costs of $12 an hour, against the $22 per hour cost to Bethlehem.

Bridon will be buying only the property, plant and stocks – not the debtors and creditors. Bethlehem will close the plant, incurring redundancy costs, and Bridon will rehire the employees it needs.

Bridon already has a wire-rope and wire operation at Wilkes-Barre, about 50 miles from Williamsport.

Lasmo delay

London & Scottish Marine Oil Company (Lasmo) yesterday said that the auction of its 25.2 per cent stake in Enterprise Oil, which had been expected this week, would be delayed two to three weeks.

The delay stems from oil industry preoccupation with the current auction of oil assets of Tenneco in the US.

The lure of Europe's leading tax haven

Tim Dickson looks at Minorco's Luxembourg connection

Board meetings in Bermuda are arguably a bigger lure than directors' lunches in Luxembourg.

So the fact that a year ago Minorco moved its base from the sun-soaked island financial centre to the duller surrounds of the Grand Duchy can be seen as a vivid illustration of the growing commercial attractions of Europe's leading corporate tax haven.

Minorco's "Luxembourg connection" is one of the more intriguing features of the company's fiercely contested £2.9bn bid for Consolidated Gold Fields – the biggest ever attempted takeover in Britain.

It has inspired thinly concealed sneers from Mr Rudolph Agnew, Gold Fields chairman, almost certainly fuelled calls from the Labour party for the bid to be blocked by the Government and focused new attention on a financial and banking centre which is enjoying unprecedented prosperity in the run up to the 1992 deadline for the European Community's internal market.

Therein, however, lies one of the rubs. Since Luxembourg's low tax jurisdiction and banking secrecy laws are considered potential victims of the trend towards harmonisation, the spotlight on Minorco will not necessarily be welcome on the group's own doorstep.

Sensitivities about the "tax haven" tag run high in Luxembourg and, to the extent that its streets are not paved with exiled showbiz and sporting millionaires, are amply justified. Save for the privileged elite of the locally based EC *fonctionnaires*, personal tax rates in the Grand Duchy are not unduly generous.

For companies, on the other hand, the situation is vastly different. The favourable regulations for Luxembourg holding companies (governed by a law of July 31 1929 and subsequent modifications) are among the most widely used by the Grand Duchy's banking and financial community.

Minorco's motives for choosing the Grand Duchy cannot be compared with the activities of the majority of the 7,000 or so other companies taking advantage of the holding company legislation.

Bankers and accountants explain that these are typically the vehicles of wealthy individuals anxious to pass on their money to their heirs in a tax efficient, uncomplicated manner.

The minimal tax burden, of course, is a juicy enough carrot. But while the explanatory guides on the subject will not say so in so many words, the real attractions for many Luxembourg holding companies are the system of bearer shares (which conceals shareholder identity) and the fact that they do not have to produce proper annual accounts.

In general, Luxembourg holding companies are exempt from the application of the EC's Fourth Company Law Directive under which companies of a certain size (defined as those which meet two of three "tests" relating to turnover, balance sheet total and employees) have to provide a minimum level of financial information.

Holding companies in the Grand Duchy (which take participations in other companies but must not have any industrial or trading activity of their own) almost by definition do not have enough employees to reach the required figure. Thanks to the helpful interpretation of the local authorities, they do not have any "turnover."

With listings in London, Paris, Luxembourg and Johannesburg (bringing with them stock exchange disclosure requirements in each centre), Minorco is clearly not intent on keeping a low profile. "The company runs itself little differently to how it would run itself elsewhere," a spokesman emphasised last week.

On the other hand, Minorco does not deny the fact that it benefits from the special fiscal advantages of being a *milliardaire* holding company – that is to say one with a share capital of at least LuxFr 1bn (£15.2m).

Like ordinary Luxembourg holding companies, it pays no capital gains tax and no withholding tax on the dividends it pays out to shareholders. Unlike the others it can opt to pay a special flat rate income tax instead of the normal *taxe d'abonnement* of 0.2 per cent a good idea provided it does not issue bonds) and it has effective freedom to make unlimited "downstream" loans to its subsidiaries.

Minorco is quite adamant that its *milliardaire* holding company status would not be affected by the much trumpeted move away from being a purely passive investment company to "hands on" management of its assets.

"What we are going to do is completely compatible with our Luxembourg status," its spokesman explains. "There is a difference between having a close relationship with management and actually being the local management."

"It might be different," he adds, tongue firmly in cheek, "if Minorco found a mine and Sir Michael Edwardes (chief executive) started swinging a pick axe."

There is much more to the Grand Duchy, however, than simply the favourable legal and fiscal framework of the local holding company. (Looking at this in isolation most tax experts reckon that other domiciles, including the Netherlands, are better).

The great attraction of Luxembourg – which explains the influx of banks and investment funds in the last few years – is its combination of advantages such as the growing range of financial services such as private banking, insurance and portfolio management.

Others include good communications, geographical location and position in the time zone, relatively light regulatory structure, the discretion of the government authorities, and undoubted political stability.

The biggest jewel of the lot, however, is arguably the wide respectability, which is conferred by Luxembourg's EC membership.

Belonging to Europe's leading political and economic "club," however, will certainly impose difficult strains over the next few years. For while the recently agreed liberalisation of capital movements will in itself be a major blessing as wealth flows across its frontiers, other EC countries will almost certainly be trying to claw back some of the benefits.

The European Commission's efforts for the moment are mainly directed at trying to harmonise the level of indirect taxes. However, it is not impossible that capital taxes, Luxembourg's lack of a withholding tax (in which it is not alone), or the Grand Duchy's famed secrecy laws will sooner or later home more directly into Brussels' sights.

It would, on the other hand, be a mistake to believe that the barriers will easily fall. With Luxembourg's banking secrecy laws built into its constitution, the response to any Community attack on them could make Mrs Margaret Thatcher at Bruges seem like Boadicea without her chariot.

Gold Fields takeover essential to Anglo says study

By Kenneth Gooding, Mining Correspondent

IF Anglo American Corporation of South Africa is to remain the non-Communist world's biggest gold producer it needs to take over Consolidated Gold Fields, the UK mining and industrial group, according to a study by Seris*, the specialist UK consultancy organisation.

Seris believes it has been able to make the first true comparison of the size and structure of gold production in the two companies and draws the following conclusions:

● Anglo's true gold production is less than 40 per cent of the figure most frequently used, that is 88.6 tonnes last year instead of 230 tonnes;

● Anglo's gold production has fallen from 92.4 tonnes since 1985 whereas Gold Fields' output has increased by 30 per cent, from 37.5 tonnes to 48.6 tonnes;

● The proportion of gold production from Anglo's non-South African mines in 1987 was only 6.5 per cent while in the case of Gold Fields it was 45.5 per cent.

The authors, Mr Ian Rutledge and Mr Philip Wright, point out that their findings add weight to the theory that the £2.9bn bid for Gold Fields by Minorco, which is 60 per cent owned by Anglo, has much to do with Anglo protecting its position in the gold market.

They say it has been customary to calculate Anglo's gold production by reference to the combined output of the mines which the group administers. However, their report makes clear that only a minor part of the gold produced in the administered mines is beneficially owned by Anglo, and it has been difficult to calculate the amount of beneficially-owned gold from information given by Anglo.

But once the calculation has been completed, it shows Anglo is "a largely static gold producer and one that appears to be firmly boxed-in to South African reserves.

"In contrast, Gold Fields appears as a rapidly growing gold producer with an increasingly non-South African base."

Seris points out that the price of gold has been falling recently and "if expansion of Anglo's gold mining activities in South Africa is going to be constrained by a declining gold price, the acquisition of a major share in Gold Fields' low-cost mines looks especially attractive."

* *"The Gold Fields takeover: an analysis based on gold production data" from Seris, 103 Carter Knowle Road, Sheffield, S7 2DY. £30.*

BTP in US expansion

By Vanessa Houlder

BTP, the specialist chemical and industrial group, yesterday announced the acquisition of its first chemical manufacturing facility in the US. The company has bought Backings, a Georgia-based manufacturer of speciality coatings for the textile and carpet industries for $3.24m (£1.91m) in cash, plus additional performance related payments of up to $0.7m (£0.4m).

The deal will allow BTP to introduce into the US the specialist flame retardant finishes developed by its Mydrin subsidiary.

Backings made pre-tax profits of $0.4m on turnover of $13m for the year-end June 30.

MONTHLY AVERAGES OF STOCK INDICES

	Sept.	Aug.	Jul.	Jun.
Financial Times				
Government Securities	86.99	87.76	87.84	89.23
Fixed Interest	95.67	97.43	97.36	98.10
Ordinary	1429.2	1474.3	1468.9	1470.0
Gold Mines	175.3	195.1	215.4	220.5
SEAQ Bargains (5 p.m.)	20,458	23,171	25,430	25,783
F.T.-Actuaries				
Industrial Group	934.42	974.10	981.83	967.39
500 Share	1002.78	1044.04	1054.34	1042.22
Financial Group	670.97	698.30	711.38	707.92
All-Share	919.36	954.36	965.18	954.74
FT-SE 100	1773.8	1830.2	1856.1	1847.2

	Sept. High	Sept. Low
Ordinary	1477.6 (29th)	1391.6 (1st)
All-Share	946.56 (29th)	898.42 (1st)
FT-SE 100	1829.0 (29th)	1730.5 (1st)

City Site purchases property portfolio

By Paul Cheeseright, Property Correspondent

CITY SITE Estates, Glasgow-based property investment and development company which has 90 per cent of its assets in central London, is extending the scope of its portfolio through the purchase of Viking Group for £14.75m cash.

Viking, based in Derby, is a private company with properties in Regent Street, Conduit Street and Mount Street in London's West End, a shopping centre in Bulwell, Nottingham and an industrial property in Andover, Hampshire.

Viking also has development projects in the West End, Chatham, Milton Keynes and Liverpool.

The purchase is being funded from City Site's own resources and from bank borrowings. Mr Louis Goodman, managing director, said yesterday that there would be little effect on gearing because of the company's property sales programme.

Mr Bryan Harris and Mr Geoffrey Bates, Viking managing directors of Viking are to join City Site's board.

Pleasurama bid battle continues

By David Waller

THE BATTLE between Pleasurama and Mecca Leisure continued yesterday as Pleasurama put out its long-awaited defence document.

The document provides point by point answers to the questions raised by the predator's critical document put out last week.

For example, Pleasurama contests Mecca's allegation that Mr Ebert Earl, president of Pleasurama in the US, is leading a "spending spree" there.

The defence document also challenges Mecca's assertion that Pleasurama bought Oliver's on a multiple of 147 times historic earnings, saying that the true figure was about 12 times earnings in the year of its acquisition.

Mecca took delight in drawing attention to the fact that the Pleasurama directors have awarded themselves a 10 per cent pay rise from October 1. Mr Barry Hardy, Pleasurama's development director, denied that there was anything unusual in the timing of the award, saying that the corporate pay review always took place at this time of the year.

Mecca refused to comment on the intense speculation that it is to increase its share-only offer. It has until the end of the week to improve its terms, and is widely thought to be poised to raise its bid to 240p a share, including an element of cash for the first time.

Pleasurama shares edged down 1p yesterday to 231p, considerably higher than the 217p value of the existing offer with Mecca's shares at 171p, up 1p.

De La Rue expands US operations in $4.3m deal

DE LA RUE, security printer and printing technology group, is to pay $4.3m (£2.56m) cash for Ebway Industries, private US designer and maker of press control equipment.

Ebway made sales of close to $5m in the year to June 30. Profits were not disclosed, but De La Rue said Ebway had been profitable since its foundation in 1979.

To finance the deal, De La Rue is issuing 550,000 shares which are to be placed by Schroders.

United Guarantee falls in the red

TWO acquisitions in September last year were responsible for United Guarantee reporting a loss for the first half of 1988. Directors said all companies had traded profitably except for Rock Engineering Distributors and Gregory & Sutcliffe.

On turnover increased from £4.33m to £7.79m there was a pre-tax loss of £162,000 (£224,000 profit). The loss per 5p share came out at 0.41p (earnings 0.79p).

The pre-tax figure was struck after an exceptional debit this time of £199,000 being the profit on the sale of quoted securities. The directors said that the holdings of quoted securities would continue to be liquidated to reduce debt.

An improvement was expected in the second half. Acquisition prospects continued to be evaluated particularly in oil and gas

Doeflex unchanged

Doeflex pre-tax profits were £633,000 in the first six months virtually unchanged from £637,000. The interim dividend is an unchanged 1.15p.

Barry Wehmiller surges 42% to £5.21m

By Andrew Hill

BARRY WEHMILLER International, a specialist packaging equipment group, increased pre-tax profits by 42 per cent to £5.21m in the year to July 31, compared with £3.66m in 1986-87.

Turnover was up 36 per cent from £27.4m to £37.2m, and earnings per share grew by 15 per cent to 18p (15.7p).

The group, which came to the market in June 1987, said all divisions had contributed to the advance in turnover and profitability.

Inex Vision Systems, producing equipment for the inspection, regulation and filling of glass containers, made operating profits of £3.13m (£2.35m) on turnover of £17m (£14.8m).

Mr Stewart Brown, BWI's chief executive, said he foresaw excellent prospects for the use of new technology in the quality control of bottling and filling production lines. He said video technology had now reached the stage where it could replace personnel employed checking labels and regulating production.

The bottling machinery division – renamed Dawson Packaging to reflect the production of machinery handling plastic cartons as well as bottles – increased profits from £954,000 to £1.34m on turnover of £14.4m (£7.89m). The Fords Packaging Systems division, formerly the closure equipment division, which fills, handles and seals plastic containers, made operating profits of £843,000 (£887,000) on sales of £5.77m (£4.69m).

About 44 per cent of BWI's sales are made in the UK, 24 per cent in Europe, 21 per cent in North America and the balance elsewhere overseas.

Mr Brown said he envisaged a greater proportion of profits coming from overseas in the future, with growth through acquisition in the US and elsewhere in due course.

BWI's major customers are in the glass industry – manufacturing and filling bottles for food and drink – but Mr Brown said he expected increased sales to the pharmaceuticals business and direct to producers of plastic packaging.

The directors are recommending a final dividend of 3p, making 4.5p for the year. A single dividend of 2p was paid for the 1986-87 year.

TSB unveils unification plan

By David Barchard

TSB, Britain's sixth largest banking group, yesterday announced plans to merge the treasuries of TSB England & Wales and Hill Samuel, the City merchant bank which it bought lastNovember.

The unified treasury will be based at the Wood Street premises of Hill Samuel which is now functioning as the corporate business wing of the group. It will be headed by Mr David Cobbold, currently general manager financial markets for TSB England & Wales.

The merger brings together two very different treasuries which TSB hopes will complement each other.

According to Mr Don McRickard, chief executive of TSB's retail banking operations, TSB's treasury has traditionally enjoyed a strong inflow of retail funds which the bank has been unable to lend, while Hill Samuel has been constrained by lack of capital from using its merchant banking skills to the full.

"The merger will create a capital base of over £1.2bn," he said yesterday. The merger is not expected to pose problems with staffing. "Because the two treasuries are so complementary, redundancies are not an issue," Mr McRickard said.

TSB England & Wales will continue to concentrate on retail and personal services through its branch network. Mortgage Express, the group's mortgage finance arm, is to be transferred from United Dominion Trust to the bank.

T&N expansion

T&N, engineering group, has bought an 80 per cent interest in Chempolymer Corporation, Florida-based engineering thermoplastics business. In its last financial year, Chempolymer had sales of $7.1m (£4.25m).

Percy Bilton rises to £7m

Percy Bilton, property investor and developer, raised its profits to £7.02m pre-tax for the first six months of 1988, an improvement of 11 per cent over the £6.31m returned for the first half of the previous year.

Turnover, excluding intercompany transactions, was little changed at £14.71m (£14.52m).

Earnings emerged at 11p (10.4p) and the interim dividend rises to 5.15p (4.9p).

Banco Bilbao

Shares of Banco Bilbao Vizcaya of Spain were listed on the London Stock Exchange yesterday.

BET acquires three US companies for £11.8m

By Vanessa Houlder

BET, the international services group, has strengthened its position as the fourth largest road tanker operator in the US, with the acquisition of three US distribution companies for $20m (£11.8m).

BET's distribution service company, United Transport International has bought the Kansas-based Becker Corporation, Virginia-based Bralley-Willett Tank Lines and North Florida Transport Service.

The deals were part of an effort to expand BET's support service operations in the US, following the sale of Argus Pressand Rediffusion Simulation, both of which had substantial US operations.

The three companies have combined revenues of $41m.

Becker and Bralley-Willett both carry liquid and dry bulk cargoes and operate a total of 18 terminals in Kansas, Oklahoma, Missouri, Virginia and North Carolina.

North Florida Transport Service carries liquid bulk commodities throughout the US.

Inchcape £12.5m US testing expansion

By David Waller

INCHCAPE, the international trading group, is adding to its interests in [illegible] with two [illegible] companies, for a total of £12.5m.

The larger of the two companies is ETL Testing Laboratories. This is a New York state based company which specialises in safety testing in the US, primarily of electrical consumer goods and components. [illegible]

The PKB Scania group is being bought for C$4.1m (£2m). These companies specialise in commodity inspection, principally of grain, fertilisers and other agricultural products.

UK COMPANY NEWS

CH Industrials in £1m joint deal

By Clay Harris

CH INDUSTRIALS, building, chemicals and specialist engineering group, is continuing its drive into the motor components sector with the purchase of Morgan Soft Trim, the UK's largest manufacturer of vehicle sunvisors, for £1m.

CHI is buying Morgan jointly with West German-based Gebr. Happich, Europe's leading manufacturer of vehicle body hardware and interior trim.

Happich will pay £500,000 for a half share in Morgan and will introduce its technical expertise into the operation. CHI, however, will have management control of Morgan.

Mr Tim Hearley, chairman, said the acquisition would enhance CHI's ability to provide a complete design and manufacturing service to the motor industry. Specialist design and engineering will account for about half of group turnover.

This is the third such joint venture established by CHI with German components companies, all based on the premise of combining German technical knowledge with UK operational management. The existing ones are in sun-roofs (Tudor Webasto) and in metal-framed products (Schade-Bruce). Others are under discussion.

For the year ended last Friday, Morgan was estimated to have made operating profits of £150,000 on turnover of £5m.

Net assets, including the freehold site of Morgan's Halesowen factory, are estimated at £525,000.

The Morgan deal is the second acquisition by CHI in as many weeks. Last month, it bought Motor Panels, Coventry-based designer and manufacturer of commercial vehicle cabs and prestige car bodies, from the private Rubery Owen group.

CHI also owns 85 per cent of Aston Martin Tickford, automotive and railway design engineer. Its equity stakes include 20.37 per cent of Manganese Bronze, manufacturer of the traditional London taxicab, and 8.3 per cent of Ricardo Consulting Engineers.

Separately, CHI yesterday announced the sale of Calnay, its polythene film business, to Scott & Robertson, polythene packaging and sheeting maker, for £2m in shares and cash — a figure equal to net asset value.

A further cash payment of £135,000 may be made if tax losses of £769,000, the subject of negotiation with the Inland Revenue, become available to Calnay. The 845,000 S&R shares to be issued to CHI in the first payment represent 4 per cent of S&R's enlarged capital and will raise CHI's total interest to 9.85 per cent.

Calnay lost £294,000 before tax and group management charges in the year to August 2.

Scott & Robertson in £2m expansion

SCOTT & Robertson is to become Britain's only manufacturer of wide polythene sheeting producer with the acquisition of Calnay, an extruder of agricultural, horticultural and building film, from CH Industrials. The deal is likely to lead to further rationalisation in the sector, writes Clay Harris.

In the deal announced yesterday, S&R will pay £2m in cash and shares for Calnay. The Scottish-based buyer said the acquisition would give it a base for expansion in Wales and the south of England, where it will become one of the leading supplies of damp-proof membranes and temporary protective sheeting.

Although the deal will give S&R a UK manufacturing monopoly in the wide-sheeting market, after the acquisition earlier this year of Imperial Chemical Industries' British Visqueen subsidiary, the deal is understood to have been cleared by the Office of Fair Trading.

S&R yesterday reported doubled pre-tax profits of £1.43m (£710,000) on turnover of £37.2m (£15m) in the six months to June 30. On earnings per share of 10.51p (6.55p), the interim dividend is raised to 1.2p (1p). Assuming full conversion of preference shares, fully diluted earnings were 9.28p.

The results included four months' sales from Visqueen. However, although losses being incurred at Visqueen before acquisition had been arrested, S&R did not expect any significant contribution from the business this year.

Stylo cuts midway loss to £944,000

By Clay Harris

STYLO, Bradford-based shoe retailer, reduced its pre-tax loss to £944,000 in the six months to July 30 but warned that it still had a considerable way to go before reaching former levels of profitability.

Stylo normally reports a loss at the interim stage, but the latest result was a marked improvement over the comparable £1.63m deficit in 1987. Turnover increased to £29.2m (£26.4m).

Extraordinary profit on disposals of non-trading properties dipped to £146,000 (£318,000). The loss per share was 3.94p (6.46p). As usual, there is no interim dividend.

Mr Arnold Ziff, chairman, said Stylo did not intend to dispose of any other than a few non-trading properties. It did not plan to change its accounting treatment of property sales.

Control Securities, the fast-growing property company headed by Mr Nazmu Virani, bought a 24.6 per cent stake in Stylo from British Land in August. The two groups have held several meetings, but the question of board representation for Control is not believed to have been raised.

Com-Tek Resources to join the USM

Com-Tek Resources, a junior oil and gas company based in Denver, Colorado, is joining the USM via an introduction sponsored by brokers Charlton Seal and Baynard Securities. The company is also arranging a placing of new shares with European investors, adding to the company's current capitalisation of £3.5m. Currently some 10 per cent of the company is held by UK investors, with 30 per cent held in Canada and 60 per cent in the US.

Toye rises 23% to £315,285

Toye Company, the civil and military regalia and jewellery concern, raised pre-tax profits by 23 per cent from £256,000 to £315,285 in the first half of 1988, on sales up 15 per cent at £4.7m, against £4.07m.

The company said order books were still very strong in all areas of the business, some at record levels.

After tax of £125,000 (£105,000) earnings per share were 8.5p (7p). The company does not pay interim dividends.

Hibernian Football for Third Market

Hibernian Football Club is to join the Third Market, becoming only the second club in the UK, after Spurs, to offer part ownership to its fans.

Fifty per cent of the Hibs' shareholding — 3.65m shares — will be offered for sale to the public at 55p per share, to raise £2m. A minimum amount of £200 must be invested.

The offer will be open for a two week period only, from October 3 to October 19.

Sherwood doubled

Sherwood Group, USM-quoted textile concern, reported turnover up to £21.96m, against £10.42m and pre-tax profits up from £1.36m to £3.05m for the half year to July 1 1988. After tax of £899,000 (£447,000) earnings were 18.3p (10p). The interim dividend is increased to 1.6p (1.5p).

Expenses hit PML

A sharp increase in central expenses from £33,000 to £109,000 meant pre-tax profits of PML Group, showed only a marginal increase from £843,000 to £853,000 in the first half of 1988. First-half turnover amounted to £9.99m (£8.03m).

Leisure expansion for Pavilion

By Graham Deller

PAVILION LEISURE yesterday announced the first step in its declared aim to expand in the leisure business since August's boardroom reshuffle.

The Glasgow-based theatre proprietor is paying £2.15m for the leisure division of Astra Trust, the financial services, engineering and property concern controlled by Mr Theodoros Paphitis.

In effect, Astra's leisure side consists of the Aston Hippodrome, presently operating as a snooker and bingo club. Mr Jeremy Porter, major shareholder and brother of Mr Michael Porter, appointed executive director in the reshuffle, said the premises was independently valued at £2.3m.

Pavilion is also launching an underwritten rights issue to raise £1.31m, together with a placing to Astra and institutional investors of shares worth an additional £1.31m.

The purchase, which will result in Astra taking boardroom representation and a 29.9 per cent stake in Pavilion, is to be satisfied by £1.05m cash with the balance in new ordinary shares.

According to Mr Porter, Pavilion will have net assets of between £4.5 and £5m as a result of the issue and placing. The group now had "a strong capital base and management team" and a considerable amount of cash available for further acquisitions, he added.

Granada sale

Granada Group, entertainment and electronics group, is to sell Novello, Britain's oldest music publisher, for £4.7m to Filmtrax, another music publisher. Novello had been part of Granada since 1970.

Conrad 67% surge

Conrad Holdings achieved a 67 per cent increase in pre-tax profits, from £239,000 to £400,000 in the six months to June 30 on turnover 44 per cent ahead at £4.59m against £3.19m.

Conrad is engaged in property development and shopfitting, exhibition contracting and scenery making.

The interim dividend is maintained at 1p, payable from earnings of 1.85p (1.06p). Tax charged was £140,000 (£86,000).

NatWest's Tokyo terms

TERMS OF the National Westminster Bank's share offering on the Tokyo Stock Exchange have been finalised. NatWest is offering 20m new shares — 2.6 per cent of the bank's issued ordinary share capital — at a price of 554.2p a share to raise £105m net of expenses.

Plans for the listing were first announced last year, but were postponed because of the October collapse in world equity markets. NatWest declared its intention to proceed last month, saying that it would raise around £100m.

The issue is being sponsored by Nomura Securities, which is also acting as leader to a group of Japanese underwriters. The listing has won the necessary approval from the Japanese Ministry of Finance.

Dealings in the new shares will begin on October 18.

COMPANY NEWS IN BRIEF

ALBANY INVESTMENT TRUST: net asset value at August 31 stood at 84.47p, against 103.39p a year earlier, and 88.94p at the end of February. Pre-tax profit in the latest half to August rose 18 per cent from £213,397 to £181,493 on gross revenue, dividends and interest of £221,249 (£189,321). The interim dividend is being raised to 0.7p (0.65p) on earnings per 20p share of 1.57p (1.29p).

ALLIED INSURANCE reported turnover of £1.42m (£1.25m) in the six months to end-June 1988. Pre-tax profits were £287,000 (£330,000). After tax of £115,000 (£134,000) earnings per share were 3.4p (nil).

BRENT CHEMICALS International has acquired Metprep, a wholly-owned subsidiary of S and W Berisford, for £2.1m cash on completion. Metprep, a manufacturer of metal cleaners, paint strippers and permanent protective coatings, had sales and pre-tax profits of £2.99m and £268,000 respectively for the year to end-September 1987. Sales for the nine months to end-June 1988 totalled £2.48m.

BRISTOL CHANNEL Ship Repairers: Group turnover £1.24m (£1.67m), group loss £56,909 (£375,045) and loss per 10p share 0.07p (0.47p).

CHURCHBURY ESTATES (property investment and development): Pre-tax profits £5.04m (£3.24m) for year to March 31 1988 on turnover £6.89m (£5.39m). Net rental income £5.95m (£4.9m). Interest payable £1.83m (£1.65m). Dividend 23.08p (15.38p). Company is wholly-owned subsidiary of Greycoat Group.

FORD SELLAR Morris is to sell its freehold interest in the former Dingles store at Helston, Cornwall, one of ten department stores it acquired from House of Fraser earlier this year, to local developers Carkeek Developments for £550,000.

IVORY AND SIME Atlas Fund: Gross revenue for six months to July 31 was $1.73m and net income $993,000. Board is encouraged by results so far and is confident that objectives set for each portfolio will be met.

KENYON SECURITIES has exchanged contracts to acquire Jersey-based Pitcher & Le Quesne, funeral directors, for £600,000 cash and 92,250 ordinary shares.

KETSON (sales, marketing and human resources management): Turnover £5.18m (£4.82m) and pre-tax profits £282,000 (£169,000) for half year ended June 30 1988. Earnings 2p (1.2p) per 5p share. Interim dividend 1p (nil). Comparative figures have been adjusted. Company formerly known as Glanfield Lawrence.

To the Holders of

SHIN-ETSU POLYMER CO., LTD.

U.S. $60,000,000

4⅛ per cent. Guaranteed Notes 1993 with Warrants

SECOND NOTICE
ADJUSTMENT OF SUBSCRIPTION PRICE

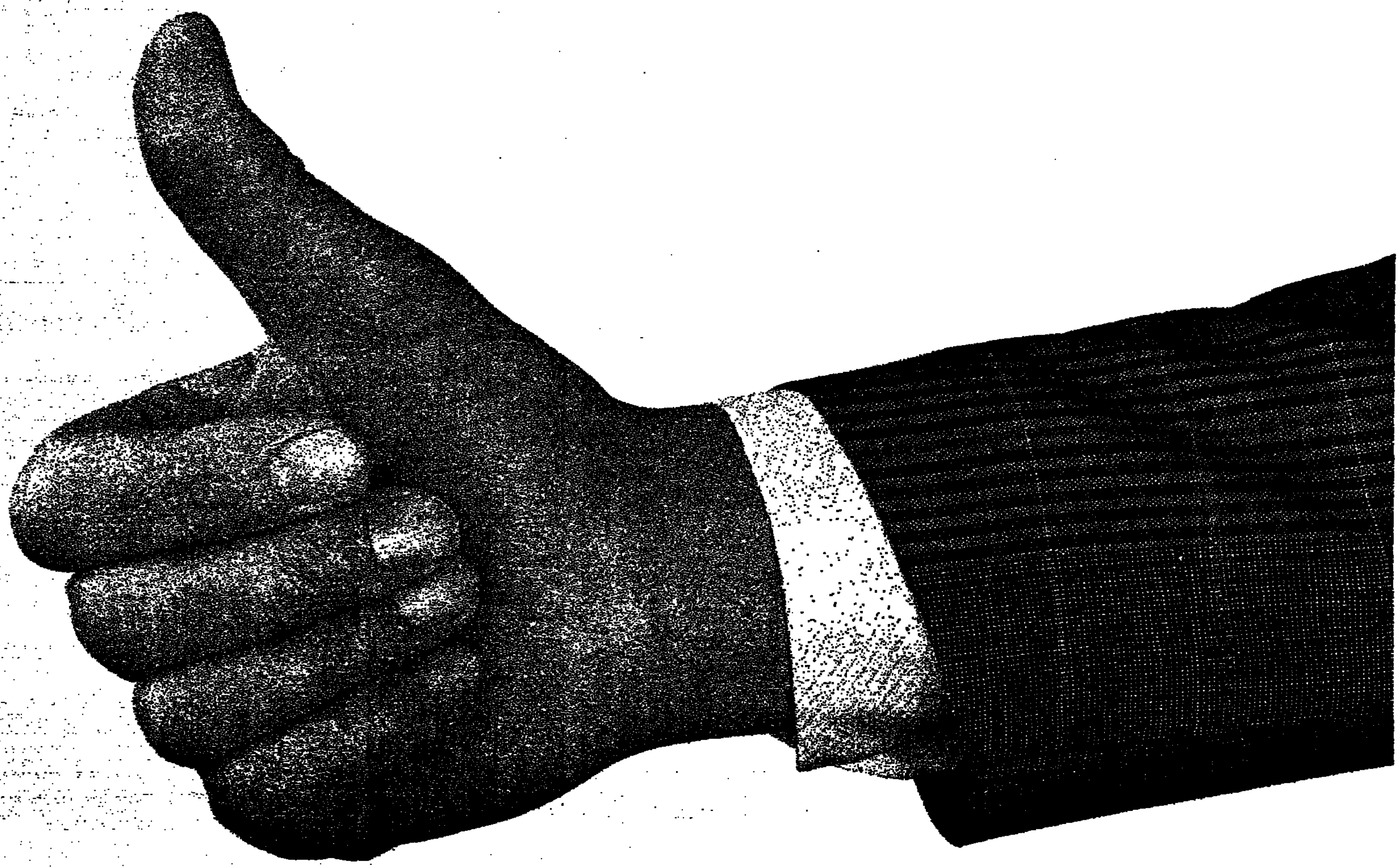
Pursuant to Clause 4 (A) (i) and (B) of the Instrument dated June 9, 1988 under which the Warrants to subscribe for shares of *Shin-Etsu Polymer Co., Ltd.* were issued, notice is hereby given that the Company has adjusted, last September 28, 1988 the Subscription Price (at which shares are issuable upon exercise of the above Warrants), pursuant to Clause 3 (v) of said Instrument due to its issuance of Swiss Franc 50,000,000 ¼ per cent. Convertible Notes due 1993, the conversion price of which is less than the market price defined in the Instrument.

The Subscription Price has been adjusted in accordance with Condition 7 of the Warrants, from 7,175.00 Japanese Yen per share of common stock to 7,173.40 Japanese Yen per share of common stock, effective as of September 28, 1988.

SHIN-ETSU POLYMER CO., LTD.
by: Dai-Ichi Kangyo Trust Company of New York
as Disbursement Agent

Dated: October 4, 1988

SIEMENS



It's official: Once again Siemens ranks as Europe's No. 1 in Computers

Every year the international computer magazine "Datamation" publishes a table of the world's leading Information Systems companies.
For the fourth year in succession, Siemens is No. 1 in the European league and, as such, the top European computer company in the world market.

This success can be attributed to four major product groups:

- the BS2000 computers, which run under a single operating system – from small departmental computers right through to the largest mainframes.
- the SINIX® multi-user system, Europe's best-selling UNIX® computers.
- the Siemens Personal Computers – made in Europe, with a continually increasing share of the market.
- the digital office communications systems, which are at home throughout the world.

Each of these systems is the result of an intensive, ongoing program of research and development.

Moreover, Siemens itself manufactures the key components, being the sole European source, of the Megabit chip – a chip for both the world electronics market and Siemens computers.

If you would like to know more about Siemens Computing, please write to Siemens AG, Infoservice 134/Z560, P.O.Box 23 48, D-8510 Fürth, Federal Republic of Germany.

Leading European-Based IS Companies

	Company	World IS Rev ($mil)
1	Siemens AG	$5,703.0
2	Ing. C. Olivetti & Co. SpA	4,637.2
3	Groupe Bull	3,007.5
4	Nixdorf Computer AG	2,821.5
5	NV Philips Gloeilampenfabrieken	2,601.6
6	STC plc	2,123.9
7	Alcatel NV	2,052.1
8	LM Ericsson	1,511.6
9	Inspectorate Intl. Ltd.	1,225.0
10	Memorex Intl.	1,041.1

Source: Datamation, August 1988

SINIX is the UNIX® System derivative of Siemens.
UNIX is a registered trademark of AT&T.

There's a Siemens Computer for every business.

A19100-D-Z246-X-7600

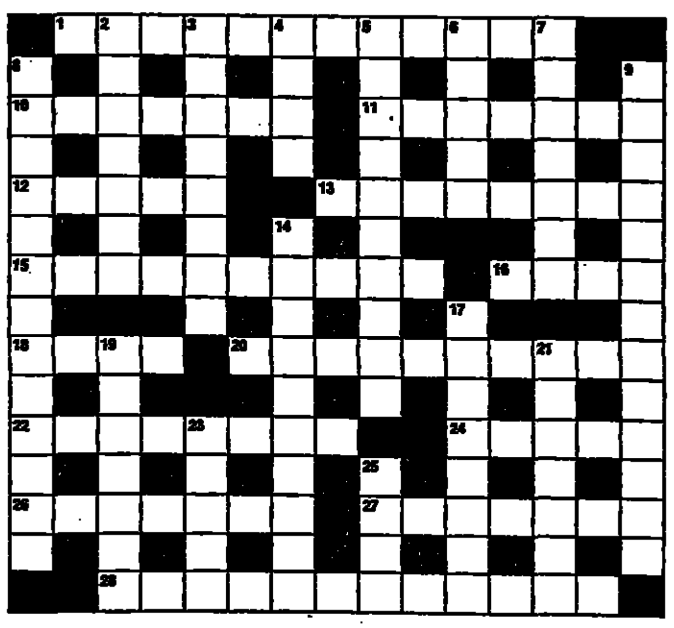
FT UNIT TRUST INFORMATION SERVICE

AUTHORISED UNIT TRUSTS

Init Chrge | Canc. Price | Bid Price | Offer Price | + or − | Yield Gr's

CROSSWORD

No. 6,750 Set by QUARK



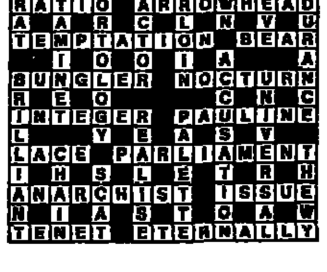
ACROSS

1 Poet organised PR re book? True (6,6)
10 Serious part offered in advance (7)
11 Stage collapsing in Greek comedy is his doing (7)
12 Sort of guide showing object of special interest (5)
13 Put out by universities? (4,4)
15 Record award, we hear, for initiative (10)
16 Run through half the alphabet; it's quite small (4)
18 A weed to cut off (4)
20 Study university men in Employment Training for the final outcome (10)
22 New York City is excited and anxious (2,1,5)
24 Ignore any recognised absence (5)
26 Change to spare? It could be needed for paper (7)
27 Constable is not usual or commonplace (7)
28 Giving new direction (in a fashion) (12)

DOWN

2 Just a piano (7)
3 They have roles. etc. in the outcome (8)
4 Carry child over the last bit of hike (4)
5 Newspapers without capital in an area showing backward movement (10)
6 It expresses the wish of the Speaker (5)
7 Teas for instance? (4,3)
8 They precede the detailed items (4,9)
9 Fussy in a relative sort of way (13)
14 Crooked stripe on university garment showing the order (10)
17 Cover in the field left a number in the circle (4,4)
19 Fuel provider that might be topical (4-3)
21 The lady at a Swiss town for retreat (7)
23 Fling, we hear, produces old pain (5)
25 Man for example (4)

Solution to Puzzle No.6,749



GUIDE TO UNIT TRUST PRICING

The data included under the Authorised section of the FT Unit Trust Information pages is being expanded to improve the service to readers and to conform with new legislation.

INITIAL CHARGES
These represent the marketing, administrative and other costs which have to be paid by new purchasers. These charges are included in the price when the customer buys units.

OFFER PRICE
The price at which units may be bought.

BID PRICE
The price at which units may be sold.

CANCELLATION PRICE
The maximum spread between the offer and bid prices is determined by a formula laid down by the government. In practice, unit trust managers quote a much narrower spread. As a result, the bid price is often set well above the minimum permissible price which is called the cancellation price in the table. However the bid price might be moved to the cancellation price in circumstances in which there is a large excess of sellers of units over buyers.

TIME
The time shown alongside the fund manager's name is the time at which the unit trusts' daily dealing prices are normally set unless another time is indicated by the symbol alongside the individual unit trust name. The symbols are as follows: ♥ - 0001 to 1100 hours; ♦ - 1101 to 1400 hours; ♠ - 1401 to 1700 hours; ♣ - 1701 to midnight.

HISTORIC PRICING
The letter H denotes that prices are set on a historic basis. This means that, unless there has been an intervening portfolio revaluation, investors can normally buy and sell units today at the prices appearing in the newspaper which have been set on the basis of yesterday's asset value.

FORWARD PRICING
The letter F denotes that prices are set on a forward basis so that investors can be given no definite price in advance of the purchase or sale being carried out. The prices appearing in the newspaper show the prices at which deals were carried out yesterday.
Other explanatory notes are contained in the last column of the FT Unit Trust Information pages.

FT UNIT TRUST INFORMATION SERVICE

	Init. Charge	Canc. Price	Bid Price	Offer Price	+ or −	Yield Gr's
TSB Unit Trusts (y) (1000)F						
Charlton Pl, Andover, Hants. SP10 1RE 0264 63434						
TSB American	5	101.17	101.17	107.95	−0.46	2.10
Do Accum	5	108.39	108.39	115.44	−0.49	2.10
TSB Brit Growth	5	53.69	53.69	57.32	−0.32	5.32
Do Accum	5	56.19	56.19	59.78	−0.33	[illegible]
TSB European	5	50.92	50.92	53.94	−0.19	1.15
Do Accum	5	51.90	51.90	55.21	−0.18	1.15
TSB Extra Income	5	143.18	143.18	152.23	−2.72	5.94
Do Accum	5	184.72	184.72	196.51	−2.86	5.94
TSB Smaller Cos	5	52.41	52.41	55.76	−1.76	1.25
Do Accum	5	53.34	53.34	56.74	−1.80	1.25
TSB General	5	176.28	176.28	187.53	−1.65	3.35
Do Accum	5	305.14	305.14	324.62	−2.82	3.35
TSB Gilt & Fxd Int	3¾	47.65	47.65	49.28	+0.06	8.94
Do Accum	3¾	71.93	71.93	74.40	+0.09	8.94
TSB Income	5	261.75	261.75	278.46	−2.54	5.02
Do Accum	5	437.52	437.52	465.45	−4.25	5.02
TSB Pacific	5	199.48	200.45	213.24	−2.31	0.33
Do Accum	5	207.36	208.41	221.71	−2.39	0.33
TSB International	6	318.55	318.55	339.01	−2.15	1.04
Do Accum	5	400.70	400.70	427.45	−2.20	1.04
TSB Nat Resources	5	59.28	59.93	63.76	−0.40	1.43
Do Accum	5	62.78	63.47	67.52	−0.40	1.43
TSB Special Opps	5	77.88	78.83	83.85	−0.88	2.38
Do Accum	5	88.87	89.95	95.69	−0.89	2.38
Target Trust Mngrs Ltd (1400)H						
Target Hse, Gatehouse Rd, Aylesbury, Bucks. Admin: 0296 394000 Dealing: 01-379 0860						
American Eagle	5	64.13	64.13	68.56	−1.14	0.95
Australia	5	7.275	7.275	7.789	−.103	0.10
Commodity	5	75.34	75.34	81.32	−1.34	0.61
Convertible	5	139.8	139.8	150.6	+0.6	5.08
Equity	5	149.5	149.5	161.3	−0.9	3.24
Euro Spec Sits	5	79.80	79.80	85.87	+0.91	1.99
Financial	5	90.57	90.57xd	92.67	−0.85	2.08
Global Opps Inc	5	55.36	55.36	59.60	−0.43	0.63
Global Opps Acc	5	55.36	55.36	59.60	−0.43	0.63
Gold Income	5	48.28	48.28	51.61	−0.34	0.00
Gold Acc	5	88.78	88.78	95.06	−0.99	0.00
Income	5	103.8	104.7xd	112.4	−0.6	[illegible]
Japan	5	119.0	119.0	128.2	−1.2	0.00
Pacific Inc	5	109.5	109.5xd	118.2	−0.4	0.06
Pacific Acc	5	135.8	135.8	146.6	−0.5	0.06
Preference Share	5	23.96	23.96xd	26.01	−0.3	7.75
Special Sits	5	93.12	93.12	100.2	+0.1	[illegible]

	Bid Price	Offer Price	+ or −	Yield Gros
MIM Ltd				
Mngd Pens Acc	55.0	58.6	+0.1	0.80
Murray Johnstone UT Mngmt				
Murray Exempt Funds				
Amer Expt Sept 28	40.8	42.4	+0.0	2.27
Euro Expt Sept 28	47.0	49.0	+0.0	2.56
Fixed Int Ex Sept 28	48.6	50.9	+0.0	9.71
Japan Expt Sept 28	52.1	54.2	+0.0	0.48
Managed Ex Sept 29	39.1	40.6	+0.0	4.46
SE Asia Expt Sept 28	35.1	36.8xd	+0.0	2.22
Sm Cos Expt Sept 28	42.6	44.7	+0.0	2.83
UK Eqty Ex Sept 28	34.0	35.7	+0.0	4.55
New Court Property Fund Managers				
NC Property	191.5	209.3	—	—
Phillips & Drew Fund Management Ltd				
PDFM Small Co Fd	771.0	817.0	—	3.75
Do Accum	795.0	844.0	—	3.75
PDFM Int Expt Sept 29	127.0	129.1	—	2.67
J. Rothschild Fund Managers Ltd				
Intl Exempt	90.66	94.73xd	+1.98	2.92

INSURANCES

	Bid Price	Offer Price	+ or −	Yield Gros
AA Friendly Society				
Investment Mngt M & G Inv Mngs Ltd				
AA Friendly Sy Sept 8	—	134.4	—	—
Abbey Life Assurance Co Ltd				
80 Holdenhurst Road, Bournemouth 0202 292373				
Prop. Ser. 1	262.6	276.5	—	—
Equity Ser. 1	113.7	119.7	−0.5	—
Prop. Acc. Ser 2	380.2	400.3	—	—
Equity Ser 2	129.1	135.9	−0.4	—
Selective Acc	291.4	306.8	+0.3	—
Prop. Ser. 4	300.3	316.2	—	—
Equity Ser. 4	152.6	159.6	−0.3	—
Fixed Int. Ser. 4	214.8	226.2	+0.1	—

OTHER UK UNIT TRUSTS

Continued on next page

FT UNIT TRUST INFORMATION SERVICE

Pearl Assurance (Unit Funds) Ltd
252 High Holborn, London WC1V 7EB 01-405 8441

	Bid Price	Offer Price	+ or -	Yield Gross
Prop. Dist. (Gross)	176.5	185.8	—	—
Prop. Acc. (Gross)	285.8	300.9	+0.1	—
Equity (Gross)	658.8	693.5	-1.7	—
Managed (Gross)	473.3	498.3	-0.7	—
Prop. Acc. (Net)	132.1	139.1	+0.1	—
Equity (Net)	154.2	162.4	-0.3	—
Managed (Net)	145.6	153.3	-0.2	—
Internat'nal (net)	132.3	139.3	-0.1	—
Gilt & Fxd Interest	100.3	105.6	+0.1	—
Money Fund	101.1	106.4	—	—
Pearl Assurance (Unit Linked Pens) Ltd				
Ret Man (Series 1)	448.2	471.8	-0.2	—
Ret Man (Series 2)	152.0	160.0	-0.1	—
Ret Man (Series 3)	100.0	100.0	-0.1	—
Ret Cash	125.3	131.9	+0.1	—
Ret Cash (Series 3)	102.7	102.7	+0.1	—

Phoenix Assurance Co Ltd
Phoenix House, Redcliff Hill, Bristol 0272 294941

	Bid Price	Offer Price	+ or -	Yield Gross
Life Assurance Funds				
Wealth Assd.	389.7	410.3	+0.9	—
Eb'r Ph. Eq.	329.4	350.5	—	—
Pension Plan Funds				
Phoenix				
UK Equity Acc.	169.1	178.0	-0.8	—
International Acc.	142.9	150.4	-0.9	—
Property Acc.	149.5	157.3	+0.1	—
Fixed Interest Acc.	157.3	165.5	-0.2	—
Money Acc.	144.5	152.1	—	—
Bldg. Soc. Link Acc.	141.4	148.8	—	—
Special Mnged. Acc.	153.9	162.0	-0.5	—
Phoenix/Framlington				
Intnl. Growth Acc.	89.30	93.90	+0.20	—
Amr. Smllr. Cos. Acc.	90.60	95.30	+0.20	—
Capital Tst. Acc.	172.0	181.0	+0.1	—
Japan & Gen Acc.	187.0	196.8	-2.3	—
American Tem. Acc.	98.70	103.8	-0.1	—
Recovery Tst. Acc.	178.5	187.8	—	—
Special Mngd Acc.	150.9	158.8	—	—
Phoenix/GT				

Provident Life Assoc Ltd
Provident Way, Basingstoke RG21 2SZ 0256 470707

	Bid Price	Offer Price	+ or -	Yield Gross
Unit Fund	899.4	944.4	+6.0	—
Equity Fund	202.1	212.2	-1.1	—
International Fd.	132.4	139.0	+0.4	—
Fixed Interest Fd.	150.8	158.3	+0.0	—
Property Fund	196.3	206.1	—	—
Index-Linked Fund	125.4	131.7	+0.2	—
Deposit Fund	130.3	136.8	+0.0	—
Pens. Mixed (Ord) Fd.	209.0	219.5	+2.7	—
Gold Pensions				
Discretionary Fund	101.4		+1.3	—
Equity Fund	99.1		-0.1	—
Fixed Interest Fund	103.0		+0.0	—
International Fund	98.6		+0.2	—
Property Fund	116.9		—	—
Index-Linked Fund	102.3		+0.1	—
Deposit Fund	102.2		+0.1	—
S & F Consolidation	101.7		+0.0	—
S & F Balanced	99.6		-0.1	—
S & F Maximum Growth	96.2		+0.3	—

Provident Mutual Life Assc. Assn.
Willian Rd, Hitchin, Herts SG4 0LP 0438 739000

	Bid Price	Offer Price	+ or -	Yield Gross
Managed Ord.	286.7	301.8	(z)	—
Managed Init.	235.9	248.3	(z)	—
Equity Ord.	401.3	422.4	(z)	—
Equity Init.	330.2	347.6	(z)	—
Index Linked Gilt Ord.	123.8	130.3	(z)	—
Index Linked Gilt Init.	106.4	112.0	(z)	—
Overseas Equity Ord.	258.5	272.1	(z)	—
Overseas Equity Init.	212.7	223.9	(z)	—
Property Ord.	172.6	181.7	(z)	—
Property Init.	142.0	149.5	(z)	—
Fixed Interest Ord.	170.9	179.9	(z)	—
Fixed Interest Init.	140.6	148.0	(z)	—
Deposit Ord.	136.3	143.5	(z)	—
Deposit Init.	112.1	118.0	(z)	—
Pension Funds				
Managed Ord.	347.0	365.3	(z)	—
Managed Init.	285.5	300.5	(z)	—
Equity Ord.	503.5	530.0	(z)	—
Equity Init.	414.3	436.1	(z)	—
Pen Ind Lkd Gilt Ord.	133.5	140.5	(z)	—

MANAGEMENT SERVICES

OFFSHORE AND OVERSEAS

UK LISTED

OFFSHORE INSURANCES

FT UNIT TRUST INFORMATION SERVICE

OTHER OFFSHORE FUNDS

LONDON SHARE SERVICE

BRITISH FUNDS

"Shorts" (Lives up to Five Years)

1988 High	Low	Stock	Price £	+ or −	Yield Int.	Red.
99	83	Redemption 3pc 1986-96	99¼xd	.....	–	–
100¼	99	Treas. 9½pc '88	99xd	.....	–	–
102	99	Treas 11½pc 1989	100	.....	11.50	11.23
101	98	Treas 9½pc Cnv 1989	99¼xd	.....	9.57	11.04
97	95	Treas 3pc 1989	96¾	.....	3.10	8.45
102	99	Treas 10½pc 1989	99	.....	10.54	11.02
102	98	Exch. 10pc 1989	99	.....	10.08	10.93
103	99	Exch 11pc 1989	100	.....	10.98	10.79
97	94⅝	Treas 5pc 1986-89	95½xd	.....	5.23	9.61
104	98¾	Exch 10¼pc Cv '89	99	.....	10.28	10.46
107½	102¼	Treas 13pc 1990‡‡	103	.....	12.60	10.20
104	100	Exch 11pc 1990‡‡	100	+	10.90	10.18
107	102	Exch. 12½pc 1990	102	.....	12.15	10.34
93	90	Treas. 3pc 1990	91xd	+⅛	3.28	8.92
99	95	Treas 8¼pc 1987-90‡‡	97¼	.....	8.50	10.14
102¼	95¾	Treas. 8pc Cv 1990 ‡‡	98	+	8.16	9.17
103	98	Treas. 10pc Cv 1990	99xd	+	10.04	10.23
91	87	Exch 2½pc 1990	88	.....	2.83	8.57
107	101	Treas 11¾pc 1991	102	+	11.42	10.24
95	90	Funding 5¾pc '87-91‡‡	91xd	.....	6.28	9.66
90	86	Treas. 3pc 1991	87	+	3.44	8.60
105	98	Treas 10pc Cv '91 ‡‡	100	+	9.99	9.938
107	100	Exch. 11pc 1991	102xd	+	10.77	10.18
98	92	Treas. 8pc 1991	94	+	8.50	10.21
113	105	Treas 12¾pc 1992‡‡	107	+	11.91	10.14
104	98	Treas 10pc 1992	99	+	10.03	10.10
98	92¼	Treas. 8pc 1992 ‡‡	93xd	+	8.53	10.14
106	99½	Treas 10½pc Cv 1992‡‡	101xd	+	10.39	10.14
86	82¼	Treas. 3pc 1992	83	.....	3.60	8.35
112	104	Exch. 12¼pc '92	106	+	11.51	10.17
117	108	Exch 13½pc 1992	110	+	12.21	10.20
97	91¾	Treas 8¼pc 1993	93½	+	8.83	10.13
105	97	Treas 10pc 1993‡‡	99xd	+	10.03	10.09
115	107	Treas 12½pc 1993‡‡	108¾	+	11.50	10.14
93	87	Funding 6pc 1993‡‡	88	.....	6.80	9.01

Five to Fifteen Years

1988 High	Low	Stock	Price £	+ or −	Yield Int.	Red.
121	112	Treas 13¾pc 1993‡‡	113¾	+	12.10	10.23
101	91	Treas. 8½pc 1994	93¾	+	9.11	10.14
94	91	Treas 8½pc 1994 A	93	+	[illegible]	[illegible]
125	115	Treas 14½pc 1994‡‡	117	+	12.31	10.14
120	111	Exch 13½pc 1994	113xd	+	11.88	10.23
105	98	Treas. 10pc Ln. 1994‡‡	99	+	10.03	10.07
116	107	Exch. 12¼pc 1994	109	+	11.40	10.26
101	93	Treas 9pc 1994‡‡	95	+	9.42	9.98
114	105	Treas 12pc 1995	108	+	11.11	10.22
83½	78½	Exch 3pc Gas 90-95	81xd	.....	3.70	6.61
106	98¾	Exch. 10¼pc 1995	100	+⅛	10.17	10.08
120	111	Treas 12¾pc 1995‡‡	113	+⅛	11.29	10.13
126	116	Treas. 14pc '96	118	+⅛	11.77	10.22
101	93¾	Treas. 9pc 1992-96‡‡	95	+	9.41	9.84
133	123	Treas 15¼pc 1996‡‡	126¼xd	+	12.10	10.23

Over Fifteen Years

BRITISH FUNDS—Contd

Undated

Index-Linked

INT. BANK AND O'SEAS GOVT STERLING ISSUES

CORPORATION LOANS

COMMONWEALTH & AFRICAN LOANS

LOANS

Building Societies

Public Board and Ind.

Financial

FOREIGN BONDS & RAILS

AMERICANS

Continued on next page

Money Market Trust Funds

Money Market Bank Accounts

NatWest Special Reserve Account
41 Lothbury, London, EC2P 2BP 01-726 1000

£10 000 and above	10.75	8.00	10.99	Qtr
£2,000 to £9,999	10.25	7.75	10.64	Qtr
£1,000-£1,999	8.75	6.50	8.88	Qtr
£500-£999	6.75	5.00	6.79	Qtr

Provincial Bank PLC
30 Ashley Rd, Altrincham, Cheshire 061-928 9011

H.I.C.A. (£1,000+)	11.50	8.83	12.26	Mth

Royal Bank of Scotland plc
42 St Andrew Sq, Edinburgh EH2 2YE 031-557 0201

Premium Account	10.50	8.05	11.07	Qtr

Save & Prosper/Robert Fleming
28 Western Rd, Romford RM1 3LB. 0708 766966

H.I.B.A.	10.62	8.15	11.58	Daily

Tyndall & Co Ltd
29-33 Princess Victoria St, Bristol 0272 732241

Demand Acc.	11.00	8.44	11.61	Qtr
Money Acc.	10.50	8.06	11.07	Qtr
Client Plus Acc.	10.50	8.05	11.07	Qtr

J. Henry Schroder Wagg & Co Ltd
Enterprise House, Portsmouth 0705 827733

Special Acc.	11.00	8.44	11.69	Mthly
£10,000 and above	11.25	8.63	11.97	Mthly

Western Trust & Savings Limited
The Moneycentre, Plymouth PL1 5JE 0752 224141

High Int Chq Acc.	11.75	9.01	12.42	Qtr

Wimbledon & South West Finance Co Ltd
114 Newgate St, London EC1 7AE 01-606 9485

High Int Cheque Acc.	11.50	8.83	12.16	Qtr.

NOTES—Gross rate to those exempt from composite rate of tax Net actual rate after deduction of CRT Gr Equiv CAR Gross equivalent to basic rate taxpayers-compounded annual rate Int. Cr frequency interest credited

UNIT TRUST NOTES
Prices are in pence unless otherwise indicated and those designated $ with no prefix refer to U.S. dollars. Yields % allow for all buying expenses. Prices of certain older insurance linked plans subject to capital gains tax on sales. b Distribution free of UK taxes. p Periodic premium insurance plans. s Single premium insurance. x Offered price includes all expenses except agent's commission. z Previous day's price. ◎ Guernsey gross. # Suspended. ♦ Yield before Jersey tax. † Ex-subdivision. ‡‡ Only available to charitable bodies. ● Yield column shows annualised rates of NAV increase, after dividend.

LONDON STOCK EXCHANGE

Leading shares slide in late trading

A UK equity sector already unsettled by falling oil prices and weakness in the Tokyo market extended its losses in late trading yesterday as Wall Street opened sharply lower. By the close, the London market was down by more than 23 FT-SE points, bringing the 1800 mark under question again.

Selling pressure was not heavy, but the steam went out of the speculative sector and international stocks reacted strongly to New York's sudden drop.

Equities opened sharply lower as traders marked shares down in an initial reaction to the continuing slide in crude oil prices, which took Brent crude below $12 in early deals, its lowest level for two years – and bringing into sharper focus the warning suggestion of $5 a barrel oil prices issued floated last week by the Secretary-General of Opec

Prices rallied as sterling held firm and City analysts assessed the implications of lower oil prices. At Warburg Securities, Mr Kevin Gardiner, UK economist, commented that lower oil prices could be good news for domestic inflation prospects. However, the market soon abandoned its rally as it sensed a poor start on Wall Street, and turned strongly downwards when the Dow fell sharply.

THE FT-SE Index closed 23.9 points down at 1802.6, in a gloomy start to the two week trading Account in equities. Seaq trading volume fell to 336.6m shares from the 500m plus totals seen last week at the height of the recent speculative fever.

Also inducing caution was nervousness that this morning may bring the Monopolies and Mergers Commission report on the Kuwait Investment Office (KIO) stake in British Petroleum. A forced reduction in the KIO stake just when oil prices are tumbling could be bad news for the energy sector.

Shares in Consolidated Gold Fields fell as the prospect of a protracted enquiry into pre-bid deals in both shares and options returned more strongly. Sun Life, another of last week's speculative favourites, also lost ground as bid hopes faded in the wake of Friday's dawn raid by Union des Assurances de Paris (UAP).

Allied-Lyons, however, edged higher as some investors looked for further developments after the increased stake disclosed last week by Bond Holdings.

The market was cool towards GKN's purchase of 22.2 per cent of Westland Group. Following a shareholders' agreement with United Technologies (UTC) of the US, the combined interests of GKN and UTC will be 29.99 per cent of Westland.

More positive was the response to the purchase of a 5.2 per cent stake in Vickers by I.E.P Securities, an investment vehicle of the Brierley group of New Zealand. Recent speculators still hope for a more aggressive move.

Account Dealing Dates		
*First Dealings: Sep 19	Oct 3	Oct 17
Option Declarations: Sep 29	Oct 13	Oct 27
Last Dealings: Sep 30	Oct 14	Oct 28
Account Day: Oct 10	Oct 24	Nov 7

*New time dealings may take place from 9.00 am two business days earlier

FINANCIAL TIMES STOCK INDICES

	Oct 3	Sep 30	Sep 29	Sep 28	Sep 27	Year Ago	1988 High	1988 Low	Since Compilation High	Since Compilation Low
Government Secs	87.96	87.92	88.31	87.80	87.76	85.86	91.43 (18/4)	86.28 (2/9)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Interest	96.71	96.66	96.42	96.36	96.36	91.78	96.67 (26/8)	94.14 (8/1)	105.4 (28/11/47)	50.53 (3/1/75)
Ordinary	1455.8	1476.5	1477.6	1466.4	1469.1	1873.7	1514.7 (8/8)	1349.0 (8/2)	1926.2 (16/7/87)	49.4 (26/6/40)
Gold Mines	171.1	171.8	172.4	170.8	168.2	430.6	312.5 (7/1)	162.7 (22/9)	734.7 (15/2/83)	43.5 (26/10/71)

	Oct 3	Sep 30	Sep 29	Sep 28	Sep 27	Year Ago
Ord. Div. Yield	4.74	4.66	4.66	4.72	4.75	3.14
Earning Yld %(full)	11.96	11.80	11.81	11.91	11.97	7.70
P/E Ratio(Net)(☆)	10.12	10.28	10.26	10.17	10.12	15.89
SEAQ Bargains(5pm)	21,197	27,925	26,178	23,112	22,740	44,281
Equity Turnover(£m)†	-	1259.20	1299.54	890.64	927.23	1,858.21
Equity Bargains†	-	28,320	28,741	22,081	21,743	54,153
Shares Traded (ml)†	-	452.4	498.2	338.5	348.1	681.4

Ordinary Share Index, Hourly changes

Opening	10 a.m.	11 a.m.	12 p.m.	1 p.m.	2 p.m.	3 p.m.	4 p.m.
1468.7	1470.1	1466.7	1466.7	1466.3	1466.6	1466.7	1460.9

DAY'S HIGH 1470.2 DAY'S LOW 1455.8

Basis 100 Govt. Secs 15/10/26, Fixed Int. 1928, Ordinary 1/7/35, Gold Mines 12/9/55, SE Activity 1974, ☆Nil 10.04 †Excluding intra-market business.

S.E. ACTIVITY

Indices	Sep 30	Sep 29
Gilt Edged Bargains	93.7	97.1
Equity Bargains	169.6	173.8
Equity Value	2546.2	2626.7
5-Day average		
Gilt Edged Bargains	109.1	108.5
Equity Bargains	155.2	145.4
Equity Value	2098.6	1923.2

London Report and latest Share Index: Tel. 0898 123001

Lasmo auction doubt

A wave of selling [hit] Enterprise Oil after confirmation that the auction of the 25 per cent stake held by London & Scottish Marine (LASMO) will be delayed. Also worrying were reports that the auction price might be much lower than market expectations. Enterprise tumbled 43 to 639p with turnover of 4.1m shares indicating the market's mixture of dismay at the prospect of delay, but also its rejection of suggestions that the auction price could be as low as 500p. Traders still hope to see the Enterprise stake auctioned between 600p and 700p.

LASMO were also marked down by 20p or so from Friday's close, but found buyers, ending the day a net 26½ off at 559p after a good two-way trade of 2.3m shares.

Any auction delay will catch the market wrong-footed. Bidders for the LASMO stake, which could include British Gas and Atlantic Richfield of the US, were due to deliver bids to Goldman Sachs by Wednesday. LASMO has timed a major presentation at Kleinwort Grieveson for Wednesday and the London Traded Option market plans to commence trading in Enterprise share options on the same day.

DRG spotlight

DRG was one of the day's best performers, rising 28 to 352p, after reaching 512p at one stage. Dealers reported a resurgence of takeover speculation, specifically suggestions that WH Smith was trying to buy a 29 per cent stake prior to launching a bid. Another rumour said DRG was planning to sell its engineering business, while Sir James Goldsmith and Mr Robert Maxwell were also mentioned.

There was, however, little evidence to back up the rumours, with turnover diminishing as rapidly as the price was marked up by dealers anxious to keep clear. "Above the 500p level it would have been nearly impossible to buy in size," commented one trader. Among dealers the preferred explanation for the day's rise was that there was a general shortage of stock.

Royal goes Spanish

Royal Bank of Scotland's alliance with the Spanish Banco Santander through arrangements covering cross-holdings, joint ventures and plans for "wide ranging commercial co-operation" failed to lift the mood of a sombre banking sector. The deal, described as strategically important, will cost Royal almost £80m and reduce the Kuwait Investment Office shareholding in the UK banking group by 2½ per cent to 11.9 per cent.

Some analysts thought the news might wipe away some of the takeover froth on Royal shares, but the price only shaded with the wider market yesterday. It closed 4 easier at 349p after limited turnover of 305,000 shares. Mr Tim Clarke, sector researcher at Citicorp Scrimgeour Vickers, is among those who think the stock is cheap: "At long last we get a glimpse of where Royal is going - if potential predators will let it!", he said.

GKN caution

GKN, the engineering and defence group, came to the forefront, falling 16 to 308p in volume of 1.4m shares as the market reacted cautiously to the announcement that it had acquired a 22 per cent stake in Westland, the helicopter manufacturer. The holding was purchased from Hanson and Italy's Fiat for a cash sum of £47.8m.

Although the deal was welcomed by Westland, it failed to fire the market. Commenting on the move, UBS Phillips & Drew, the securities house, says; "GKN is investing 8 per cent of its worth into a company which is in a 4-year trough and it will be some time before it sees any return". Westland shares closed 5 lower at 105p.

The slide in prices for Brent crude failed to upset the oil share sector which continued to focus on the longer term outlook. Shell dipped 9 to 959p, additionally upset towards the close by weakness on Wall Street.

BP were also easier, the partly-paid closing 7 off at 155½p and the old shares 5¼ lower at 237p, although the chief factor affecting the shares was the likelihood that the Monopolies and Mergers report on the Kuwait Investment Office stake will come today.

Among the more speculative issues, prices were volatile, but here also the oil price was a relatively minor factor. "Predators are pricing their potential victims among the independents on the assumption that oil prices will be much higher in the future", commented Philip Lambert at Kleinwort Grieveson.

International stocks suffered the full impact of Wall Street's ponderous mood and met increasing pressure as the day wore on. Glaxo fell 20 to 1051p, while ICI lost 17 to 1025p. Fisons gave up 4¾ at 247½p and Beecham turned in a 3½ drop to 482½p.

Turnover remained low in most leading stocks, although Hanson put up a reasonable performance, falling 2 to 144½p in volume of 6.6m. Dealers reported US selling and pointed out that this was predictable after the shares' recent high for the year of 147p.

Low turnover was a feature throughout the banking sector where three of the major dealers were unable to record volumes in excess of 1m shares. "The sector is moribund", said a marketmaker commenting woefully on the slowest opening session of a new trading Account for many a month.

NatWest continued to move back, despite details of the planned Japanese offering. The shares settled 10¼ easier at 545½p. Midland were also dull, ending 7 lower at 414p; the Kuwait Investment Office gave notice yesterday that, through the purchase of 1.5m shares last week, its total holding was now 5.1 per cent. Unification of the treasuries within the group made no impression on TSB, unchanged at 103p.

Insurances were similarly inactive. More houses adopted adverse views on Sun Life after last Friday's developments when Cazenove, on behalf of Union des Assurances de Paris, launched a market raid on shares of the UK insurer at £12.25 per share. Sun Life came *scurrying back yesterday* to close 88 down at 1005p, unsettled by advice such as that from County NatWest Woodmac. In its summary of the situation, the securities house tells clients: "The most likely outcome is a negotiated deal, not a bid. If so, the shares are far too high".

Willis Faber, the insurance broker, was another casualty of a "sell" recommendation. The advice, this time, was from the research team at Prudential-Bache Capital Funding and the shares ended 11 off at 234p.

Brewery stocks were mixed, with Allied Lyons and Scottish & Newcastle going against the wider market's downward trend. Allied rose 7 to 465p in turnover of 2.7m shares as speculation over Mr Alan Bond's intentions continued. Dealers said there was not much stock around and that investors were playing a wait-and-see game. One analyst pointed out that Allied has more than enough resources and credibility to play the role of predator itself in the event of a hostile bid from Mr Bond.

Scottish & Newcastle again benefited from the speculative froth surrounding Allied, with some investors getting hot under the collar about a rousing business visit to London this week by Mr John Elliot of Elders IXL. Elders has long been mentioned as a possible bidder for Scottish and the shares gained 4 to 341p, after 345p.

Buckleys Brewery rose 9 to 147p amid small follow-through interest over last Friday's invitation to tender for the near 53 per cent stake held by Singer & Friedlander. The deadline for offers is November 10.

Barry Wehmiller, reflecting pre-tax profits up 42 per cent for the year, were supported and put on 6 to 187p. Week-end press comment stimulated renewed demand for Wassall, 11 to the good at 226p.

Attention in the Store sector centred chiefly on Sears awaiting today's announcement of its interim figures. Around 4.7m shares changed hands with the price settling 5 lower at 126p. Warburg Securities is looking for half-year pre-tax profits of around £88m.

Electrical stocks traded steadily until market sentiment turned in the afternoon session and then ran into selling. Plessey fell 5¼ to 154½p, while Racal gave up 8 to 295p in reaction to Friday's good performance.

Amstrad shaded a penny to 215p ahead of today's figures. The market range of profit forecasts is £150m-£160m, with analysts saying they expect the trading statement for the first half of this year to be the key to the announcement.

BSR suffered, falling 7 to 64p amid concern about the state of the US computer industry. *Some analysts were keen to* play down the concern and said a careful distinction should be drawn between the business and personal computer markets before any conclusions are reached about BSR's prospects.

Pilgrim House fell 8 to 194p as investors pondered Friday's announcement of the delay in the share placing designed to finance the purchase of Kidde from Hanson. The fact that the underwriting agreement for the placing expires on Friday was seen to indicate that the purchase may fall through, dampening the bid rumours which surrounded Pilgrim House last week.

Vickers, the subject of stake-building rumours since announcing disappointing interim figures, came back into the limelight with a rise of 7 to 171p xd as Sir Ron Brierley revealed a holding of just over 5 per cent in the group. Fellow Australian, Mr John Spalvins is also known to have a small stake in Vickers through his Adelaide Steamship company.

Analysts, however, point out that with the Rolls-Royce name reverting to the Rolls-Royce engine maker in the event of a foreign bid, Vickers has at least one line of defence.

Eurotunnel were sold following the interim progress report and closed 16 down at 313p. Sentiment was unsettled mainly by news that building costs for the project are likely to be 7 per cent higher than the forecast made at the time of last year's flotation.

Allied Colloids responded to the announcement that George Weston had acquired a 5.39 per cent stake and moved ahead to 134p before settling at 132p for a rise of 5.

One of the Motor sector's strongest performers last week, Lex Service, came back 10 to 374p, while T Cowie dipped 8 to 128p despite fresh speculation that Avis Europe could have predatory intentions.

Property shares failed to escape the general downturn but City Site, up 5 at 190p, resisted the trend following news of the acquisitition of the Viking Property Group for £14.75m.

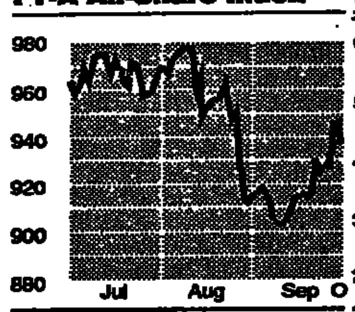
Trading statements failed to revive a flagging Textile sector. Tootal revealed higher first-half profits, but fell marginally short of market estimates and the shares shaded to 97½p. Elsewhere, Illingworth Morris jumped 21 more to 225p on speculation that last week's approach will lead to a bid.

Activity in Lonrho was slightly more restrained at 5.4m shares, although few Alpha stocks registered turnover higher. The tone of the wider market was a deterrent, however, and the shares dropped back 10 to 335p.

Business was quiet on the London Traded Options Market, with only 24,118 contracts traded, made up of 13,362 calls and 10,756 puts. Index business was also exceptionally low, 657 calls and 1,246 puts contributing to a total of 1,903. Some relief from the day's boredom came from dealings of 2,526 contracts in Hanson, but some 2,000 of this was in December 120 puts at a price of ½p.

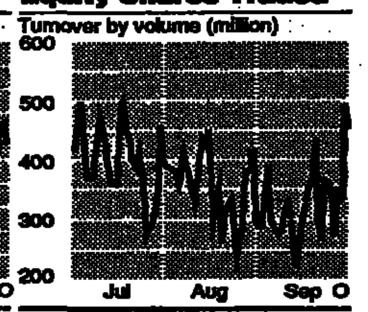
Other market statistics, including FT-Actuaries Share Index and London Traded Options, Page 31

FT-A All-Share Index



Equity Shares Traded

Turnover by volume (million)



NEW HIGHS AND LOWS FOR 1988

NEW HIGHS (28). BRITISH FUNDS (2) Treas. 2pc IL '90, Treas. 2½pc IL 2009, FOREIGN BONDS (1) Iceland 14½pc Ln., AMERICANS (5) Anheuser-Busch, BankAmerica, Rockwell Intl., US West, Waste Mgmt., BREWERS (1) Invergordon Dists., BUILDINGS (2) Copson (F.), Pochins, CHEMICALS (1) Novo Inds. 'B', ELECTRICALS (3) ODT Grp., Isoped Intl., P & P, ENGINEERING (3) ASW Hldgs., C.L. Ebro, File Miner, Verson Intl., INDUSTRIALS (4) Halma, Hornby Grp., Hughes (T.), Wassall, LEISURE (1) Quadrant Grp., PAPERS (1) DRG, TRUSTS (2) Inv. Tst. of Guernsey, River Plate Zero Div. Pf., OILS (1) Explr. Co. of Louisiana. NEW LOWS (44). AMERICANS (1) Eaton Corp., CANADIANS (2) Augmitto Explo., Sonora Gold., CHEMICALS (1) Cambridge Isotope Labs., STORES (9) Coats Viyella, Dixons, Menzies (J.), Next, Ratners, Smith (W.H.) 'A', Storehouse, Tie Rack, Vivat Hldgs., ELECTRICALS (2) Personal Comps., UCL Grp., FOODS (5) Acatos & Hutcheson, Banks (Sidney C.), Chambers & Fargus, Sainsbury (J.), Simms Food Grp., INDUSTRIALS (9) OSC, Elswick, Kenyon Secs., Medical Resch., Pergamon Prof. & Fin. Serv., Utd. Guarantee, LEISURE (1) Really Useful Grp., NEWSPAPERS (1) Accord Pub., PAPERS (1) Peters (Michael), PROPERTY (3) Connells Est. Agts., Trust of Property, Zurich Grp., TEXTILES (1) Courtaulds, TRUSTS (3) Baltic, Perpetual, York Trust, OILS (3) Aran Energy, Edinburgh Oil & Gas, Lysander Pet., MINES (5) Bracken, Grootvlei, Buffels, Emgst Int., Hemlo Gold Mines.

TRADING VOLUME IN MAJOR STOCKS

The following is based on trading volume for Alpha securities dealt through the SEAQ system yesterday until 5 pm.

Stock	Volume 000's	Closing Price	Day's change	Stock	Volume 000's	Closing Price	Day's change	Stock	Volume 000's	Closing Price	Day's change	Stock	Volume 000's	Closing Price	Day's change
ASDA Group	1,700	141½	-½	Cons. Gold Fields	618	£12⅞	-⅛	Land Securities	236	565	-9	Rothmans	211	487½	-1½
Abbey Life	1,400	312	-3½	[illegible]	1,200	251½	-5	Laporte	51	379½	-4½	Royal Bk. of Scotland	385	349	-4
Allied-Lyons	2,700	465	+7	[illegible]	[illegible]	[illegible]	[illegible]	Legal & General	[illegible]	[illegible]	[illegible]	Royal Insurance	[illegible]	[illegible]	[illegible]
Amstrad	2,400	215	-1	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	STC	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	LASMO	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

APPOINTMENTS

Changes at Standard Chartered

As part of the continuing process of developing the retail banking activities of STANDARD CHARTERED BANK in the UK, the following appointments have been made: Ms Christine D'Cruz is made head of personal banking. She joins from American Express where she was director, gold card project management.

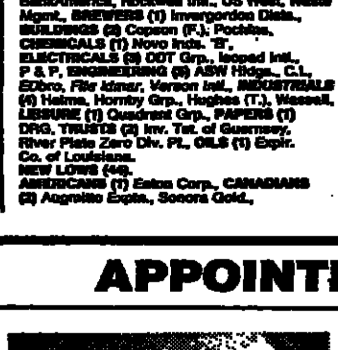
Mr Michael Hart becomes head of retail systems. He was previously professional services director with Hogan Systems UK after a long career with Barclays National Bank (South Africa).

Mr Richard Phillimore is made head of card services. He was previously with National Westminster Bank as head of card products.

Mr Bruce Rayner is appointed head of personal financial services. He was previously with Citicorp British National, the UK insurance subsidiary of Citicorp, developing and marketing financial services.

■ Mr Brian Wexham, commercial director of The Observer, has been made a board member of OBSERVER LTD.

■ LAMNALCO GROUP has appointed Mr David Gibbons as its general manager and chief executive with responsibility for all its marine and offshore services.



Mr Robin Hoyer Millar is appointed secretary general of the BRITISH BANKERS' ASSOCIATION and of the Committee of London and Scottish Bankers. He succeeds Mr Kenneth Lucas, who has retired. Mr Millar joins from Barclays Bank where he has been director of UK financial services.

■ Mr Norman Lessels, immediate past president of the Institute of Chartered Accountants of Scotland, has been made a non-executive director of GENERAL SURETY & GUARANTEE CO, a subsidiary of Swiss Re, Zurich.

■ Mr R.W. Yates has joined FOX-PITT, KELTON, members of the Securities Association, as director responsible for research coverage of European insurance and bank shares. He joins from Midland Montagu, where he was head of strategy and communications.

■ Mr Ebbe Dinesen is appointed managing director of CARLSBERG BREWERY. He was commercial director at the company's UK headquarters.

■ Mr Hugh Roberts has been appointed managing director of KRAFT FOODS. He succeeds Mr Tom Mason *who has been* made vice president of Knudsen, a Kraft subsidiary in California.

■ Mr Steve Lemlin has been appointed group financial controller by WESTERN MOTOR HOLDINGS. He was previously with Price Waterhouse and Co.

■ Mr David Baillie has been appointed director of marketing strategy for LSI LOGIC EUROPE.

■ Mr Frank L. Heathcote has been appointed managing director of safety equipment specialists, ERSKINE, of Oldham. He was sales manager for Didsbury Engineering.

■ Mr Colin Ingram is appointed to the board of BCE HOLDINGS as finance director. He was finance director of Saatchi & Saatchi Advertising.

■ Mr Graham Davies has joined CRYSTALATE HOLDINGS as chief executive of its north east divisions. He was managing director of STC Components. Mr Alex Trotter, previously responsible for the divisions, remains a director and will be co-ordinating the integration and market development of Crystalate's recently acquired resistive product business.

■ Mr R Panton Corbett and Prof. Derek Hull have joined the board of TEX HOLDINGS as non-executive directors. Mr Corbett is a director of Singer and Friedlander, while Prof. Hull is the Goldsmith's Professor of Metallurgy at Cambridge University.

■ Eight main board directors have been appointed within the WILLIAM H. BROWN GROUP. These include five regional directors of the residential division: Mr Richard Jeffrey, Mr Chris Clifford, Mr Simon Arnes, Mr Nigel Higgins, and Mr Roger Platt. Three divisional managing directors are also named: Mr Ian Youdan, Mr Neil Mason and Mr Michael Goodsell.

■ BANK OF IRELAND has announced the appointment of Mr Tony Ryan to its court of directors. Mr Ryan is chairman and chief executive of the GPA Group and a member of the board of governors of the National Gallery of Ireland.

CURRENCIES, MONEY AND CAPITAL MARKETS

FOREIGN EXCHANGES

Sentiment turns against dollar

THE DOLLAR appeared to suffer more than sterling yesterday from the fall in world oil prices.

Any collapse in the market price of oil - on Friday Dr Subroto, secretary-general of the Organisation of Petroleum Exporting Countries, warned that oil could fall to $5 a barrel if Saudi Arabia continued to increase output - will take upward pressure off US inflation and make a rise in interest rates less likely.

The oil price situation, with North Sea crude touching $11.50 a barrel yesterday after moving below $12 on Friday, has countered some recent economic data, suggesting that US growth remains strong. These economic figures have tended to underpin the dollar, but the oil picture has now made dealers more interested in testing the downside of the currency.

Yesterday's announcement of a rise in August US factory orders of 3.1 p.c. was below expectations of a 3.4 p.c. rise, and added to the bearish tone.

Friday's figures on September US unemployment and non-farm payrolls may inject fresh impetus into a dull market, but at the moment dealers seem prepared to let the dollar drift lower.

It fell to DM1.8605 from DM1.8725; to Y133.65 from Y133.80; to SFr1.5785 from SFr1.5835; and to FFr6.3350 from FFr6.3700.

On Bank of England figures the dollar's exchange rate index fell to 99.0 from 99.6.

The Canadian dollar was in demand following news that a general election is to be held in Canada on November 21.

The US dollar slipped to C$1.2135 from C$1.2170 in early London trading, prompting sales of Canadian dollars by the Bank of Canada, via the Bank of England.

The Canadian central bank appeared to continue its intervention later, when North America began trading, and the US dollar slipped to C$1.2105.

Sterling shrugged off the decline in oil prices, and remained supported by high interest rates.

Dealers noted that the method of intervention used on Friday by the Bank of England on the London money market, appeared to signal that UK bank base rates will not fall in the foreseeable future.

The pound was firm in terms of a generally soft dollar, but lost a little ground against currencies in the European Monetary System.

This reflected the strength of the D-Mark, amid reports of demand for the West German currency against the Japanese yen and Swiss franc. The D-Mark's improvement followed comments by Mr Karl Otto Poehl, president of the West German Bundesbank, that a further fall in the value of the D-Mark was not desirable.

Sterling managed to rise against the yen and Swiss franc, leaving the pound's exchange rate index unchanged at 75.9, after touching a peak of 76.0.

The pound gained 80 points to $1.6990, and improved to Y227.00 from Y226.50, and to SFr2.6825 from SFr2.6775, but fell to DM3.1600 from DM3.1675, and to FFr10.7625 from FFr10.7725.

FT GUIDE TO WORLD CURRENCIES, page 36.

EMS EUROPEAN CURRENCY UNIT RATES

	Ecu central rates	Currency amounts against Ecu Oct.3	% change from central rate	% change adjusted for divergence	Divergence limit %
Belgian Franc	42.4582	43.4776	+2.40	+0.93	±1.5344
Danish Krone	7.85212	7.96134	+1.39	-0.08	±1.5404
German D-Mark	2.05853	2.07452	+0.78	-0.69	±1.0981
French Franc	6.90403	7.06462	+2.33	+0.86	±1.3674
Dutch Guilder	2.31943	2.33892	+0.84	-0.63	±1.5012
Irish Punt	0.768411	0.774428	+0.78	-0.69	±1.6684
Italian Lira	1483.58	1545.51	+4.17	+3.28	±4.0752

Changes are for Ecu, therefore positive change denotes a weak currency. Adjustment calculated by Financial Times.

POUND SPOT- FORWARD AGAINST THE POUND

Oct.3	Day's spread	Close	One month	% p.a.	Three months	% p.a.
US	1.6915 - 1.6995	1.6985 - 1.6995	0.55-0.52cpm	3.78	1.41-1.36pm	3.26
Canada	2.0535 - 2.0625	2.0555 - 2.0565	0.38-0.27cpm	1.90	0.85-0.70pm	1.51
Netherlands	3.56 - 3.57¼	3.56 - 3.57	2¼-1¾cpm	6.73	5⅝-5¼pm	6.17
Belgium	66.15 - 66.50	66.20 - 66.30	31-25cpm	5.07	82-72pm	4.65
Denmark	12.13 - 12.15½	12.13 - 12.14	5-4orepm	4.45	12¾-11¼pm	3.87
Ireland	1.1770 - 1.1855	1.1800 - 1.1810	0.48-0.42ppm	4.57	1.31-1.18pm	4.22
W. Germany	3.15¾ - 3.16¾	3.15¾ - 3.16¾	2-1¾pfpm	7.12	5¼-5⅛pm	6.57
Portugal	260.20 - 262.30	260.75 - 261.75	17-53cdis	-1.61	81-171dis	-1.93
Spain	208.30 - 209.50	208.80 - 209.10	11-2cpm	0.37	13-34dis	-0.83
Italy	2354 - 2360¼	2355¼ - 2356¼	4¼-2¼lirepm	1.62	6¼-2pm	0.69
Norway	11.68 - 11.71½	11.70½ - 11.71½	¾-1¼oredis	-0.77	3-4¼dis	-1.22
France	10.75¾ - 10.78¾	10.75¾ - 10.76¾	4¼-3¾cpm	4.46	10⅞-10¼pm	3.93
Sweden	10.84 - 10.86	10.84 - 10.85	1¾-1¼orepm	1.75	4¼-3¼pm	1.38
Japan	226¼ - 227¾	226½ - 227½	1½-1¼ypm	7.27	4¼-3¾pm	7.05
Austria	22.22 - 22.32	22.24 - 22.27	12¼-11½gropm	6.40	35-31½pm	5.98
Switzerland	2.67⅞ - 2.68¾	2.67¾ - 2.68¾	2-1⅞cpm	8.67	5½-5⅜pm	8.11

Belgian rate is convertible francs. Financial franc 67.05-67.15. Six-month forward dollar 2.55-2.50cpm 12 months 4.25-4.15cpm.

DOLLAR SPOT- FORWARD AGAINST THE DOLLAR

Oct.3	Day's spread	Close	One month	% p.a.	Three months	% p.a.
UK†	1.6915 - 1.6995	1.6985 - 1.6995	0.55-0.52cpm	3.78	1.42-1.36pm	3.26
Ireland†	1.4325 - 1.4385	1.4375 - 1.4385	0.15-0.20cdis	-1.46	0.48-0.58dis	-1.48
Canada	1.2095 - 1.2180	1.2100 - 1.2110	0.17-0.21cdis	-1.88	0.51-0.56dis	-1.76
Netherlands	2.0965 - 2.1075	2.0975 - 2.0985	0.54-0.52cpm	1.00	1.56-1.52pm	0.97
Belgium	38.95 - 39.20	38.95 - 39.05	5.30-3.30cpm	1.32	15.70-11.70pm	1.40
Denmark	7.14 - 7.17½	7.14 - 7.14½	0.70-0.30orepm	0.80	1.70-0.90pm	0.69
W. Germany	1.8585 - 1.8700	1.8600 - 1.8610	0.57-0.54pfpm	3.57	1.59-1.54pm	3.36
Portugal	153½ - 154¼	153¼ - 153¾	55-75cdis	-5.06	175-225dis	-5.19
Spain	123.00 - 123.60	123.10 - 123.20	22-32cdis	-2.63	95-105dis	-3.25
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

† UK and Ireland are quoted in US currency. Forward premiums and discounts apply to the US dollar and not to the individual currency.

£ IN NEW YORK

STERLING INDEX

CURRENCY RATES

CURRENCY MOVEMENTS

EURO-CURRENCY INTEREST RATES

Long term Eurodollars: two years 9⅛-9 per cent; three years 9¼-9⅛ per cent; four years 9⅜-9¼ per cent; five years 9½-9⅜ per cent nominal. Short term rates are call for US Dollars and Japanese Yen; others, two days' notice.

OTHER CURRENCIES

*Selling rate

EXCHANGE CROSS RATES

Yen per 1,000: French Fr. per 10: Lira per 1,000: Belgian Fr. per 100.

FINANCIAL FUTURES

Short sterling falls back

SHORT STERLING futures gave up early gains on the Liffe market yesterday, finishing near the day's low, but only slightly weaker on the day.

Long gilt futures showed a similar performance, finishing little changed from Friday. Traders were said to be disappointed that oil prices did not fall further, since this is regarded as favourable for inflation prospects.

This, coupled with the failure of sterling to improve against Continental currencies, in spite of a high yield differential in favour of London, unnerved gilts, leading to selling, which was carried over into the short sterling market.

UK economic news was rather disappointing on balance. The volume of retail sales in August was revised down. This was encouraging news, but was offset by a rise of £4.77bn in consumer credit.

Dealers commented that combined with recent bank returns, showing an increase in the amount of notes in circulation, it pointed towards rising money supply growth.

LIFFE LONG GILT FUTURES OPTIONS

LIFFE US TREASURY BOND FUTURES OPTIONS

LIFFE FT-SE INDEX FUTURES OPTIONS

LIFFE £/$ OPTIONS £25,000 (cents per £1)

LIFFE EURODOLLAR OPTIONS

LIFFE SHORT STERLING

PHILADELPHIA SE £/$ OPTIONS £31,250 (cents per £1)

LONDON SE £/$ OPTIONS £12,500 (cents per £1)

LONDON (LIFFE)

CHICAGO

SWISS FRANC (IMM) SFr 125,000 $ per SFr

	Latest	High	Low	Prev.
Dec	0.6393	0.6397	0.6386	0.6383
Mar	0.6463	0.6465	0.6457	0.6450
Jun	0.6535	0.6535	-	0.6527

STANDARD & POORS 500 INDEX $500 times index

	Latest	High	Low	Prev.
Dec	272.65	274.05	272.35	274.15
Mar	275.00	276.40	274.75	276.55
Jun	277.40	277.40	277.10	278.90

POUND-$ (FOREIGN EXCHANGE)

Spot	1-mth.	3-mth.	6-mth.	12-mth.
1.6990	1.6937	1.6852	1.6738	1.6570

IMM-STERLING $s per £

	Latest	High	Low	Prev.
Dec	1.6854	1.6864	1.6826	1.6814
Mar	1.6746	1.6756	1.6728	1.6710
Jun	1.6660	1.6660	-	1.6610

EUROPEAN OPTIONS EXCHANGE

TOTAL VOLUME IN CONTRACTS : n/a

A=Ask B=Bid C=Call P=Put

BASE LENDING RATES

	%		%		%
ABN Bank	12	City Merchants Bank	12	NatWestminster	12
Adam & Company	12	Clydesdale Bank	12	Northern Bank Ltd	12
AAB - Allied Arab Bk	12	Comm. Bk. N. East	12	Norwich Gen. Trust	12
Allied Irish Bank	12	Co-operative Bank	*12	PRIVATbanken Limited	12
● Henry Ansbacher	12	Coutts & Co	12	Provincial Bank PLC	13
ANZ Banking Group	12	Cyprus Popular Bk	12	R. Raphael & Sons	12
Associates Cap Corp	12	Dunbar Bank PLC	12	Roxburghe G'rantee	12½
Authority Bank	12	Duncan Lawrie	12	Royal Bk of Scotland	12
● B & C Merchant Bank	12	Equatorial Bank plc	12	Royal Trust Bank	12
Bank of Baroda	12	Exeter Trust Ltd	12½	● Smith & Williamson Secs.	12
Banco Bilbao Vizcaya	12	Financial & Gen. Bank	12	Standard Chartered	12
Bank Hapoalim	12	First National Bank Plc.	13	TSB	12
Bank Leumi (UK)	12	● Robert Fleming & Co.	12	UDT Mortgage Exp	§12.75
Bank Credit & Comm	12	Robert Fraser & Ptnrs.	12½	United Bk of Kuwait	12
Bank of Cyprus	12	Girobank	12	United Mizrahi Bank	12
Bank of Ireland	12	● Guinness Mahon	12	Unity Trust Bank Plc	12
Bank of India	12	HFC Bank plc	12	Western Trust	12
Bank of Scotland	12	● Hambros Bank	12	Westpac Bank Corp.	12
Banque Belge Ltd	12	Heritable & Gen Inv Bnk	12	Whiteaway Laidlaw	12½
Barclays Bank	12	● Hill Samuel	§12	Yorkshire Bank	12
Benchmark Bank PLC	12	C. Hoare & Co.	12		
Berliner Bank AG	12	Hongkong & Shangh	12		
Brit Bk of Mid East	12	● Leopold Joseph & Sons	12		
● Brown Shipley	12	Lloyds Bank	12		
Business Mtge Tst	12½	Meghraj Bank Ltd	12		
CL Bank Nederland	12	McDonnell Douglas Bnk	12.5		
Central Capital	12	Midland Bank	12		
● Charterhouse Bank	12	Mount Credit Corp.	12		
Citibank NA	12	Nat. Bk. of Kuwait	12		

● Members of British Merchant Banking & Securities Houses Association. * 7 day deposits 5.22% Savewise 8.47%. Top Tier-£10,000+ instant access 11.06% & Mortgage base rate. § Demand deposit 7%. Mortgage 12.375% - 12.75%

COMPANY NOTICES

NOTICE TO HOLDERS OF DU PONT OVERSEAS CAPITAL N.V BEARER SECURITIES

Copies of the 1987 Annual Report of E.I. du Pont de Nemours and Company and the Financial Statements of Du Pont Overseas Capital N.V. can be obtained on request from:

Du Pont Overseas Capital N.V.
c/o E.I. du Pont de Nemours & Co
L.G. Buchanan, D-8039
1007 Market Street, Wilmington
DE 19898, USA

OBITUARIES

HARRIS. On 27th September 1988, in a Nursing Home at Eastbourne, LESLIE GEORGE F.C.A., of Ratton, Eastbourne, (formerly of Hatch End). Funeral Service at Eastbourne Crematorium on Thursday 6th October at 3.30 p.m.

LEGAL NOTICES

P.C. COMPATIBLE LIMITED

NOTICE IS HEREBY GIVEN, pursuant to Section 48(2) of the Insolvency Act 1986, that a meeting of the creditors of the above named company will be held at the Bonnington Hotel, 92 Southampton Row, London WC1 at 10am on 11th October 1988 for the purpose of receiving a report prepared by the Joint Administrative Receivers and if thought fit to establish a Committee ("the Creditors Committee") to exercise the functions conferred on it by or under the Insolvency Act 1986.

A Form of Proxy is enclosed. Proxies to be used at the Meeting must be lodged, together with any claim to be made by the creditor at the office of the Joint Administrative Receivers, 128 Queen Victoria Street, London EC4P 4JX no later than 12 noon on 10th October 1988. Notice is also given that creditors whose claims are wholly secured are not entitled to attend or be represented at the meeting.

T.R. Harris
Joint Administrative Receiver

COMPANY NOTICES

ALUMINIUM

The Financial Times proposes to publish this survey on: 26th October 1988
For a full editorial synopsis and advertisement details, please contact:

Anthony G. Hayes
on 021-454-0922 or write to him
Financial Times
George House, George Road
Edgbaston
Birmingham B15 1PG

COMPANY NOTICES

JOHANNESBURG CONSOLIDATED INVESTMENT COMPANY, LIMITED
(Incorporated in the Republic of South Africa)
Registration No. 01/00429/06

NOTICE TO HOLDERS OF SHARE WARRANTS TO BEARER DIVIDEND NO. 125

Pursuant to the notice published on 24th August, 1988 members are informed that the rate of exchange at which payments of the above dividend are to be despatched by the United Kingdom Paying Agents on 16th October, 1988 is 1 rand of 100 cents equals 23.642059p United Kingdom currency. The gross dividend payable by the United Kingdom Paying Agents is therefore equivalent to 271.8837p per share.

Holders of share warrants to bearer are informed that payment of Dividend No 125 will be made on or after 17th October, 1988 upon surrender of Coupon 126 at the London Bearer Office of Hill Samuel & Co. Ltd., 45 Beech Street, London EC2P 2LX.

	Amount payable per share (U.K. Currency) p
Equivalent in United Kingdom currency of dividend declared	271.8837
Less: South African Non-Resident Shareholders' Tax of 12.71%	40.7826
AMOUNT PAYABLE WHERE A U.K. INLAND REVENUE DECLARATION IS LODGED WITH COUPONS	231.1011
United Kingdom Income Tax @ 12.29% on the gross dividend (See Notes 1 & 2 below)	27.1883
AMOUNT PAYABLE WHERE COUPONS ARE LODGED WITHOUT UNITED KINGDOM INLAND REVENUE DECLARATIONS	203.9128

Coupons must be listed on forms obtainable from the London Bearer Office and deposited for examination on any week-day (Saturday excepted) at least seven clear days before the payment is required.

99, Bishopsgate,
LONDON EC2M 3XE.
4th October, 1988

BARNATO BROTHERS LIMITED
London Secretaries
A.F.Smith (Mrs.)
Secretary

NOTES:
(1) The gross amount of the dividend for use for United Kingdom Income and Surtax purposes is 271.8837p per share.
(2) Under the Double Taxation Agreement between the United Kingdom and the Republic of South Africa, South African Non-Resident Shareholders' Tax applicable to the dividend is allowable as a credit against the United Kingdom tax payable in respect of the dividend. The deduction of tax at the reduced rate of 12.29% instead of at the standard rate of 25% represents an allowance of credit at the rate of 12.71% in respect of South African Non-Resident Shareholders' Tax.

B.A.I.I. FINANCE COMPANY N.V.

U.S.D. 50.000.000 floating rates notes 1983/1991. The rate of interest applicable to the interest period from 30 September 1988 up to 31 March 1989 as determined by the reference agent is 9 1/16 per cent per annum namely USD 229.08 per note of USD 5.000,-

ART GALLERIES

THE PARK LANE ANTIQUE FAIR Park Lane Hotel, Piccadilly, W1. 499 6321. 5-10 October.

MONEY MARKETS

UK rates firmer

INTEREST RATES were a little firmer on the London money market yesterday. After reasonably good UK economic data last month there had been a growing feeling that monetary policy could ease, but action by the Bank of England last Friday seems to have put an end to that idea.

The authorities lent money to the discount houses, at the existing base rate level, which dealers appear to have accepted as a signal for caution.

Three-month interbank rose to 12-11¾ p.c. yesterday from 11⅞-11⅝ p.c.

The Bank of England forecast a money market credit surplus of £100m. There was no intervention from the authorities before lunch, but in the afternoon surplus funds were absorbed, when the Bank of England sold £80m Treasury bills to the market, due today, at rates of 11¾-11¼ p.c.

Bills maturing in official hands, repayment of late assistance, and a take-up of Treasury bills drained £554m. This was offset by Exchequer transactions adding £100m to liquidity, a fall in the note circulation of £440m, and bank balances above target of £130m.

In Frankfurt call money rose to 4.80 p.c. from around 4 p.c. on Friday when excess liquidity in the banking system at the end of the month kept rates low.

The market settled down to a more normal trading level yesterday, awaiting the terms of this week's securities repurchase agreement tender from the Bundesbank.

The central bank is expected to offer one-month funds at an unchanged 4.25 p.c., when the terms of the tender are announced today. It may also offer a second tranche of money at variable bid rates, but could allocate less than the DM14.6bn leaving the market, as an earlier pact expires.

The market is expected to have fewer liquidity problems this month than in September, because of smaller tax payments.

In Rome the weighted average acceptance rate on the Bank of Italy's L8,500bn reverse repurchase tender fell to 10.32 p.c., from an average of 11.19 p.c. at a tender of only L1,000bn last Thursday.

In Stockholm the Swedish Central Bank intervened to sell Treasury bills to banks, after a fall in yields. Six-month Treasury bills fell five basis points to 10.63 p.c. in early trading, following a decline of six points on Friday. The intervention appeared to arrest the fall.

UK clearing bank base lending rate 12 per cent from August 25 & 26

FT LONDON INTERBANK FIXING

(11.00 a.m. Oct.3) 3 months US dollars		6 months US Dollars	
bid 8½	offer 8⅝	bid 8 11/16	offer 8 13/16

The fixing rates are the arithmetic means rounded to the nearest one-sixteenth, of the bid and offered rates for $10m quoted by the market to five reference banks at 11.00 a.m. each working day. The banks are National Westminster Bank, Bank of Tokyo, Deutsche Bank, Banque National de Paris and Morgan Guaranty Trust.

MONEY RATES

NEW YORK (Lunchtime) — Treasury Bills and Bonds

Prime rate	10	One month	6.77	Three year	8.49
Broker loan rate	9⅞	Two month	6.94	Four year	8.58
Fed.funds	8⅛-⅛	Three month	7.48	Five year	8.63
Fed.funds at intervention	-	Six month	7.83	Seven year	8.77
		One year	8.13	10-year	8.87
		Two year	8.45	30-year	8.99

October 3	Overnight	One Month	Two Months	Three Months	Six Months	Lombard Intervention
Frankfurt	4.75-4.85	4.80-4.95	4.80-4.95	5.10-5.25	5.15-5.30	5.00
Paris	7⅛-7¼	7⅝-7¾	7 11/16-7 13/16	7 13/16-7 15/16	8 1/16-8 3/16	7.00
Zurich	1½-1¾	2⅞-3⅛	-	3½-3¾	-	-
Amsterdam	5.56-5.69	5.43-5.53	-	5.58-5.68	-	-
Tokyo	4.15625	4.46875	-	4.28125	-	-
Milan	10¼-10½	10¾-10⅞	-	11⅛-11⅜	-	-
Brussels	5.95	7¼-7⅜	-	7⅜-7⅝	-	-
Dublin	7-7¼	7¼-7½	7⅜-7⅝	7 9/16-7 11/16	7 15/16-8 1/16	-

LONDON MONEY RATES

Oct.3	Overnight	7 days notice	One Month	Three Months	Six Months	One Year
Interbank Offer	12	12	11⅞	12	11 15/16	11 15/16
Interbank Bid	11⅝	11¾	11¾	11 13/16	11 13/16	11⅝
Sterling CDs	-	-	11 13/16	11 13/16	11 13/16	11½
Local Authority Deps.	11¾	11⅞	11⅞	12	12	11⅞
Local Authority Bonds	-	-	11⅞	12⅛	12½	12½
Discount Mkt Deps.	12	11¾	11½	11½	-	-
Company Deposits	-	-	12	12⅛	12⅛	12
Finance House Deposits	-	11⅞	11 15/16	11 15/16	11 15/16	11¾
Treasury Bills (Buy)	-	-	11 13/16	11⅝	-	-
Bank Bills (Buy)	-	-	11⅝	11 13/16	11¾	-
Fine Trade Bills (Buy)	-	-	12⅛	12⅛	11⅞	-
Dollar CDs	-	-	8.25-8.20	8.45-8.40	8.60-8.55	-
SDR Linked Dep Offer	-	-	7⅛	7⅛	7 5/16	7¼
SDR Linked Dep Bid	-	-	7⅛	7⅛	7⅛	7⅛
ECU Linked Dep Offer	-	-	7⅝	7 11/16	7¾	7 13/16
ECU Linked Dep Bid	-	-	7½	7½	7⅝	7 11/16

Treasury Bills (sell); one-month 11 11/16 per cent; three months 11⅝ per cent; Bank Bills (sell): one-month 11 11/16 per cent; three months 11⅝ per cent; Treasury Bills; Average tender rate of discount 11.6039 p.c. ECGD Fixed Rate Sterling Export Finance. Make up day Sept.30, 1988. Agreed rates for period October 26, 1988 to November 25, 1988, Scheme I: 13.12 p.c., Schemes II & III: 13.41 p.c. Reference rate for period Sept.1, 1988 to Sept.30, 1988, Scheme IV&V: 12.234 p.c. Local Authority and Finance Houses seven days' notice, others seven days' fixed. Finance Houses Base Rate 12 from September 1, 1988: Bank Deposit Rates for sums at seven days notice 3.75 per cent. Certificates of Tax Deposit (Series 6); Deposit £100,000 and over held under one month 7½ per cent; one-three months 9 per cent; three-six months 9 per cent; six-nine months 9½ per cent; nine-twelve months 9½ per cent; Under £100,000 7 per cent from July 5, 1988. Deposits withdrawn for cash 5 per cent.

LONDON SHARE SERVICE

AMERICANS—Contd

1988 High	Low	Stock	Price £	+ or –	Div Gross	C'vr	Y'ld Gr's
28⅝	19½	Texaco $6.25	26¼	–⅛	♦$3.00	–	6.6
27½	22⅞	Texas Instr. $1	24⅞	–⅛	72c	–	1.7
64	43¾	Time Inc. $1	64⅛	–1⅛	$1.00	–	0.9
21½	15⅞	Transamerica $1	20¼	......	$1.84	–	5.2
20⅞	14½	TRINOVA Corp	15⅛	–⅛	64c	–	2.4
19	15⅛	USX $1	16½	–⅛	$1.20	–	4.3
23⅞	17⅝	Utd. Technologies	23½	–⅛	$1.60	–	4.0
34⅝	26¼	US West‡	34⅝	+⅛	$3.52	–	6.0
24⅝	16⅞	Waste Management $1	24⅝	+⅛	48c	–	1.1
16⅞	12⅞	Whirlpool $1	14⅝	–⅛	$1.10	–	4.4
33⅛	18¼	♦Woolworth $3½	33⅛	–⅛	$1.64	–	2.9

CANADIANS

1988 High	Low	Stock	Price £	+ or –	Div Gross	C'vr	Y'ld Gr's
309p	173p	ABM Gold Corp ‖	195p	–6	–	–	–
32p	11p	♦Abbot Energy Corp	14p	......	–	–	–
14¼	916p	♦Amer. Barrick Res.	998p	–27	–	–	–
10p	3p	American Lightwave	7¼p	–1½	–	–	–
47p	9¾p	♦Armeno	9¼p	......	–	–	–
76p	37p	Augmitto Expln	37p	–1	–	–	–
14⅛	10⅝	Bk. Montreal ‖	13⅞	......	$2.00	–	7.0
740p	514p	Bk. Nova Scot. ‖	719p	......	76c	–	5.1
18⅝	15¼	BCE ‖	17⅞	......	$2.44	–	6.6
716p	591p	♦Bow Valley‖	620p	–14	♦40c	–	3.1
13⅝	10½	♦Brascan‖	12½	......	88c	–	3.4
328p	183p	♦Breakwater Res.	195p	–7	10c	–	2.5

[illegible]

BANKS, HP & LEASING

[illegible]

Hire Purchase, Leasing, etc.

[illegible]

BEERS, WINES & SPIRITS

[illegible]

BUILDING, TIMBER, ROADS

[illegible]

BUILDING, TIMBER, ROADS—Contd

[illegible]

CHEMICALS, PLASTICS

[illegible]

DRAPERY AND STORES

[illegible]

ELECTRICALS

[illegible]

ELECTRICALS—Contd

[illegible]

ENGINEERING

[illegible]

ENGINEERING—Contd

[illegible]

FOOD, GROCERIES, ETC

[illegible]

HOTELS AND CATERERS

[illegible]

INDUSTRIALS (Miscel.)

[illegible]

INDUSTRIALS (Miscel.)—Contd

[illegible]

INDUSTRIALS (Miscel.)—Contd.

[illegible]

INSURANCES

[illegible]

LEISURE

[illegible]

LONDON SHARE SERVICE

LEISURE—Contd

[illegible]

MOTORS, AIRCRAFT TRADES

[illegible]

Commercial Vehicles

[illegible]

Components

[illegible]

Garages and Distributors

[illegible]

NEWSPAPERS, PUBLISHERS

[illegible]

PAPER, PRINTING, ADVERTISING

[illegible]

PROPERTY

[illegible]

SHIPPING

[illegible]

SHOES AND LEATHER

[illegible]

SOUTH AFRICANS

[illegible]

TEXTILES

[illegible]

TEXTILES—Contd

[illegible]

TOBACCOS

[illegible]

TRUSTS, FINANCE, LAND

Investment Trusts

[illegible]

TRUSTS, FINANCE, LAND—Contd

[illegible]

Finance, Land, etc

[illegible]

OIL AND GAS

[illegible]

OIL AND GAS—Contd

[illegible]

OVERSEAS TRADERS

[illegible]

PLANTATIONS

Rubbers, Palm Oil

[illegible]

Teas

[illegible]

MINES

Central Rand

[illegible]

Eastern Rand

[illegible]

Far West Rand

[illegible]

O.F.S.

[illegible]

Diamond and Platinum

[illegible]

Central African

[illegible]

Finance

[illegible]

Australians

[illegible]

MINES—Contd

[illegible]

Tins

[illegible]

Miscellaneous

[illegible]

THIRD MARKET

1988 High	Low	Stock	Price	+ or -	Div Net	C'vr	Y'ld Gr's	P/E
[illegible]								
15½	10	Sonic Tape 2½p.... y	10	-½	♦	-	-	13.1
27	18	Stats Hldgs. 5p.... y	24	-1	-	-	-	♦
4½	2¼	Swanyard Studios 1p y	3¼	+¼	-	-	-	♦
298	200	Takare............ y	279	......	b1.0	8.1	0.5	28.0
70	41	Theme Holdings......	66	......	♦1.1	♦	2.2	♦
36	26	Tomorrows Leisure 20p y	28	......	-	-	-	♦
25	13½	Tullow Oil 10p..... y	18	......	-	-	-	-
135	110	UPL Group 10p.....y	110	......	L2.41	4.3	2.9	15.0
182	120	Un'l Group.......... y	155	-10	5.0	♦	4.3	♦
125	85	Video Tape Rec 5p. y	110	......	L2.3	2.3	2.8	15.8
6	2	Wilton Group........ y	5½xd	-¼	-	-	-	-

NOTES

Stock Exchange dealing classifications are indicated to the right of security names: α Alpha, β Beta, γ Gamma.

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on "net" distribution basis, earnings per share being computed on profit after taxation and unrelieved ACT where applicable; bracketed figures indicate 10 per cent or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution; this compares gross dividend costs to profit after taxation, excluding exceptional profits/losses but including estimated extent of offsettable ACT. Yields are based on middle prices, are gross, adjusted to ACT of 25 per cent and allow for value of declared distribution and rights.

- ● "Tap Stock"
- ° Highs and lows marked thus have been adjusted to allow for rights issues for cash
- † Interim since increased or resumed
- ‡ Interim since reduced, passed or deferred
- ‡‡ Tax-free to non-residents on application
- ♦ Figures or report awaited
- ♥ Not officially UK listed; dealings permitted under rule 535(4)(a)
- ♣ USM, not listed on Stock Exchange and company not subjected to same degree of regulation as listed securities.
- †† Dealt in under Rule 535(3).
- # Price at time of suspension
- ¶ Indicated dividend after pending scrip and/or rights issue; cover relates to previous dividend or forecast.
- ♦ Merger bid or reorganisation in progress
- ‡ Not comparable
- ♦ Same interim; reduced final and/or reduced earnings indicated
- § Forecast dividend; cover on earnings updated by latest interim statement.
- ‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ☆ Cover does not allow for shares which may also rank for dividend at a future date. No P/E usually provided.
- ‖ No par value

B.Fr. Belgian Francs. Fr. French Francs ## Yield based on assumption Treasury Bill Rate stays unchanged until maturity of stock. a Annualised dividend. b Figures based on prospectus or other offer estimate. c Cents. d Dividend rate paid or payable on part of capital, cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending q Earnings based on preliminary figures. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast, or estimated annualised dividend rate, cover based on previous year's earnings. v Subject to local tax. x Dividend cover in excess of 100 times. y Dividend and yield based on merger terms. z Dividend and yield include a special payment: Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. E Minimum tender price. F Dividend and yield based on prospectus or other official estimates for 1988-89. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1989. K Dividend and yield based on prospectus or other official estimates for 1987-88. L Estimated annualised dividend, cover and P/E based on latest annual earnings. M Dividend and yield based on prospectus or other official estimates for 1988. N Dividend and yield based on prospectus or other official estimates for 1987. P Figures based on prospectus or other official estimates for 1987. Q Gross. R Forecast annualised dividend, cover and p/e based on prospectus or other official estimates. T Figures assumed. W Pro forma figures. Z Dividend total to date. Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xd ex capital distribution.

REGIONAL & IRISH STOCKS

The following is a selection of Regional and Irish stocks, the latter being quoted in Irish currency.

Stock	Price	+ or -
Albany Inv 20p.... y	71xd	......
Craig & Rose £1.. y	690	......
Finlay Pkg. 5p.... y	85xd	-1
Holt (Jos) 25p..... y	£11¾xd	+⅛

IRISH

Stock	Price	+ or -
Cap. 8½% Ln. 1991	£98½	......
9pc Cap Ln 1996..	£100¾	......
Fin. 13% 97/02...	£121¾	......
Arnotts.............. y	395	+5
Carrol Inds.......... y	160	......
Grafton Grp......... y	130	......
Hall (R. & H.).......	150	......
Heiton Hldgs....... y	59	+2
Irish Ropes.......... y	163	......

TRADITIONAL OPTIONS

3-month call rates

Industrials	p
Allied-Lyons	35
Amstrad	16
BAT	36
BOC Grp.	36
BSR	8
BTR	22
Barclays	35
Beecham	42
Blue Circle	38
Boots	19
Bowaters	35
Brit Aerospace	35
Brit. Telecom	22
Burton Ord.	21
Cadburys	32
Charter Cons.	30
Comm Union	34
Courtaulds	34
FKI Babcock	12
FNFC	23
Gen Accident	85
GEC	13
Glaxo	85
Grand Met.	45
GUS 'A'	95
Guardian	85
GKN	28
Hanson	12
Hawker Sidd.	48
ICI	72
Jaguar	26
Ladbroke	38
Legal & Gen	25
Lex Service	33
Lloyds Bank	26
Lucas Inds	50
Marks & Spencer	17
Midland Bk	37
Morgan Grenfell	30
NEI	10
Nat West Bk.	52
P & O Dfd.	52
Plessey	16
Polly Peck	38
Racal Elect.	32
RHM	30
Rank Org Ord.	64
Reed Intnl.	36
STC	24
Sears	11
TI	28
TSB	9
Tesco	14
Thorn EMI	60
Trust Houses	21
T&N	17
Unilever	42
Vickers	14
Wellcome	45

Property

Brit Land	30
Land Securities	52
MEPC	52
Peachey	58

Oils

Brit. Gas	15
Brit Petroleum	24
Burmah Oil	50
Charterhall	3
LASMO	40
Premier	7½
Shell	95
Ultramar	26

Mines

Cons Gold	95
Lonrho	20
RTZ	35

A selection of Options traded is given on the London Stock Exchange Report Page

This service is available to every Company dealt in on Stock Exchanges throughout the United Kingdom for a fee of £940 per annum for each security.

COMMODITIES AND AGRICULTURE

Coal price deal cheers Australian producers

By Chris Sherwell in Sydney

AUSTRALIA'S COAL producers are expecting better days following a landmark agreement with Japanese power utilities on prices for steaming coal exports.

Coupled with indications that Australian mine unions will accept new work practices, the Japanese agreement marks a turning point for the industry, particularly in New South Wales, Mr John Kerin, Minister of Primary Industries and Energy, said at the weekend.

Under the 11th-hour deal, reached just before the October 1 deadline, Japan's Chigoku Electric Company and four Australian steaming coal exporters agreed on a price of US$35.65 a tonne for deliveries over the 12 months which began last April, the start of Japan's financial year.

The terms will apply to other deals between Australian exporters and Japanese utilities, to further contracts with countries like South Korea, and will set a trend in the world market, where Australia is the largest exporter.

They mark the first increase in price since 1982, and represent a jump of 21.25 per cent on the previous year's price of US$29.40. Although this is short of the Australian demand for $36.75, the Japanese also compromised by lifting their offer from around $33.30.

Australian producers will not receive the full measure of the increase, as the Australian dollar has strengthened against the US dollar over the year. On the other hand they are now looking forward to increases in coking coal prices next year in negotiations with Japanese steel makers.

With more than 17m tonnes of steaming coal likely to go to Japan in the current year, and up to 9m tonnes to South Korea and elsewhere, Australia's coal export earnings will rise some A$300m (£90m) thanks to the improved price.

The welcome news follows a painful period of corporate losses, mine closures, job shedding and industrial disputes which left the industry disillusioned and weak.

In his statement, Mr Kerin praised the Australian companies for their "coherence and resolve" in the tough negotiations, which last week saw the Australians threaten a provisional price of US$36.75 on shipments made after the October deadline for agreement.

"I see the outcome as a platform for recovery for the Australian coal industry," the minister said. "It is now up to the mine proprietors and the workforce to realise the benefits, both for the industry and the nation."

Coffee talks brew up a fresh export quota blend

David Blackwell on one of the most complicated commodity pact deals ever agreed

"WE HAVE a real camel when what we wanted was a horse," said one exhausted delegate, describing the deal struck by the International Coffee Organisation on the total global export quota for 1988-89.

An agreement had been widely expected as the fortnight of negotiations progressed. But the talks, scheduled to end on Friday night, had to be extended to Saturday – and came perilously close to failure. The final deal did not emerge from the gruelling negotiations at the ICO Berners Street headquarters until 6 am on Sunday.

It is one of the most complex ever to emerge from a commodity agreement. This in itself is surprising as all the producer and consumer delegates had to do was set a world export figure – the actual market shares allocated to producer countries remain unchanged from last year.

Its importance lies in the acceptance by producers of the consumer idea that the quota should be biased in favour of getting more arabica coffee onto the market at the expense of the less favoured robusta variety. It also means that negotiations for a new coffee agreement next year should be easier.

Its complexity was certainly reflected in the market responses yesterday. In London, robusta futures rose sharply early on and ended a nervous day's trading well ahead. But in New York's arabica futures market prices were well down.

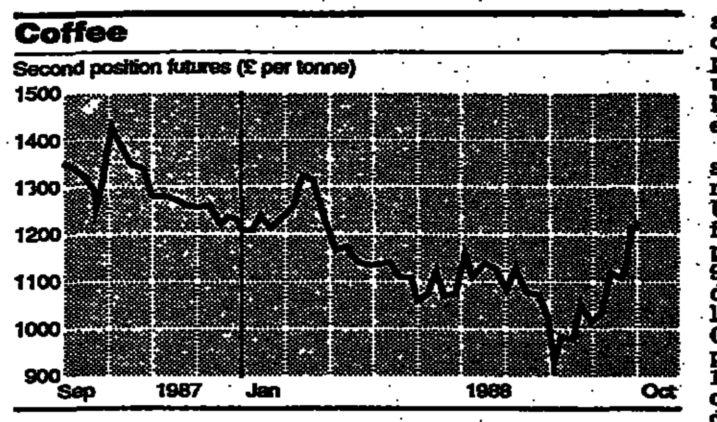
The new quota, which took effect yesterday, is for 56m bags (60 kg each), although it is described officially as 58m bags with an immediate 2m bag cut.

The rules for raising and lowering the quota as prices in world market advance and retreat have been welded together from two diametrically opposed proposals which emerged from the producer and consumer sides last week – hence their complexity.

Brazil and Colombia, the world's two biggest producers, proposed a quota of 54m bags, which would rise to a possible 58m bags if prices increased. But the US, the world's biggest consumer and a country that has shown increasing impatience with commodity agreements, put forward a plan for a 60.4m bag quota, to be reduced if market prices did not rise.

The US and most other consumer countries have become increasingly annoyed at the growing gap between the price of top quality arabica coffee, which is in great demand, and the robusta coffees. Mr Jon Rosenbaum of the US and his team were determined that no deal would be done that did not bring more arabica coffee onto the market.

The rules for adjusting the quota represent a victory for the consumers' tough stance. But the rules governing the first quarter (October-December), when demand is at a seasonal peak, reflect the Brazilian/Colombian stance.



The agreed 56m bag quota can only be revised upwards. If prices, as measured by the ICO 15-day average composite indicator, are above Friday's figure of 114.40 cents a lb on October 25, 1m bags of coffee will be restored. A similar increase could be triggered 15 working days later.

However, if the difference between the indicator for top quality arabica, or "other milds", and the robusta indicator is more than 25 per cent of the "other milds" indicator, the quota increase will be made up entirely of arabica coffee. At lower differentials, the increase will be divided between arabica and robusta. On Friday, the "other milds" indicator was at 138.25 cents a lb, and the robusta at 97.88 cents a lb.

If both increases take place, the total export quota will have risen to 58m bags on January 1, when the next set of adjustment rules takes effect.

In spite of the first-quarter rules, the ICO is still defending the price range it set a year ago – between 120 and 140 cents a lb – and the rules for the rest of the year have this range as their target.

If the price remains at or below 120 cents a lb, a 1m bag reduction will take place, with a further cut of 1m bags 10 working days later if the price is still below 120. Two further cuts of 1.5m bags are allowed if the indicator price remains below 115 cents a lb. But the total quota cannot be reduced below 53m bags.

However, arabica coffees will be exempt from any quota cut while the "other milds" indicator remains above 130 cents a lb. Robustas will be exempt from cuts if their indicator price is above 110 cents a lb.

There are further rules for adding back coffee to the overall quota if the indicator price rises – which seems unlikely given the current level of prices and harvest expectations.

Forecasts of world coffee supply and demand are notoriously difficult to make. A US Department of Agriculture forecast made earlier this year predicted a world coffee crop of 93m bags for 1988-89, but later developments mean this is too low, according to Mr Arthur Cherry of E.D. & F. Man. He puts world production at about 105m bags, with a total consumption (including the domestic consumption of producer countries) of 91m bags.

It is in this context that the consumers have become determined not to have to pay high prices for top quality coffee – and Sunday's deal shows that producers have finally taken this on board. Equally important, however, is that Brazil, capably led by Mr Jorio Dauster of the Brazilian Coffee Institute, has not lost face.

Failure to agree would have sent prices crashing on world markets yesterday. Prices in both London and New York advanced strongly last week as the markets became increasingly optimistic about the talks, and the fillip success would give to the prospects of the agreement being renewed when it runs out next September.

"This bodes well for the next agreement," said Mr Neil Rosser of Landell Mills yesterday, noting in particular what he called "the constructive role of Brazil".

"It's the first move the producers have made towards the consumers' needs, and the chances of a new agreement are greatly increased."

Delegates agreed on Sunday to set up a committee to look at draft rules for the next agreement, which are to be presented to the next ICO Council in April.

But Mr Rosser pointed out that although the consumers had gained ground in their bid for more arabica coffee, the other issue worrying them – the two-tier market – had not been tackled.

Again, the US has taken the lead in protesting that some producer countries have been selling coffee to non-member countries at substantially lower prices than members were paying. The ICO rules clearly forbid producers to sell the same type of beans more cheaply to non-members. No-one has officially been found to be cheating – but this issue will not go away.

Meanwhile, the losers in the ICO marathon have undoubtedly been the robusta coffee growers – principally the West Africans and Indonesians.

"It's bad for the robusta growers," said Mr Cherry, "although they should get more money for the coffee they do ship."

Mr Rosser pointed out that the robusta countries would be even worse off without an agreement.

Producers switching to LME zinc price

By Kenneth Gooding, Mining Correspondent

THE EUROPEAN Producer Price for zinc, widely used in contract negotiations, is now certain to be replaced by the London Metal Exchange's new special high grade zinc contract, which was launched only one month ago.

A number of major zinc producers have announced they are to use the LME contract as the basis for future negotiations.

Vieille-Montagne of Belgium led the way, saying that the EPP, based on so-called good ordinary brand (GOB) zinc, was no longer properly adapted to market requirements.

The LME's special high grade zinc contract "would be a realistic and convenient alternative to replace the obsolete GOB producer price basis," the company said.

The exchange launched the contract for special high grade zinc (of 99.995 per cent purity) under pressure from the European custom smelters who were growing steadily more discontented about the increasing gap between the market price for zinc and the long-established GOB reference price.

Introduction of the new contract was timed so that it could be used as the basis for negotiations when pricing talks between smelters and consumers take place next spring, in the so-called mating season.

The LME discontinued its GOB contract in 1985 because less than 10 per cent of the zinc produced is of this type. The exchange replaced GOB with a high grade zinc (99.9 per cent pure) contract which will continue to run in parallel with the Special High Grade for some time.

Two influential West German groups, Metallgesellschaft and Preussag, are among those which will switch to the new LME contract from January.

Billiton, the Royal Dutch Shell subsidiary, is expected to fall into line with them within a few days.

It said: "The GOB price has become less, and less representative of market reality and a change is overdue. With some 85 per cent of European zinc production being special high grade, it makes sense to switch to the new LME contract as a reference."

New Zealand in fighting mood over butter sales

Tim Dickson on the long-running battle to resist the further erosion of access to the UK market

MR MIKE MOORE, New Zealand's Minister of Overseas Trade, is likely to hear the answer today to a question which has been on everyone's lips in Brussels since the early summer. How much butter does the European Commission think his country's dairy farmers should be allowed to sell in the UK market when the current quota arrangements expire at the end of the year?

Mr Moore will meet Mr Frans Andriessen, the EC's Farm Commissioner, this morning in a final bid to put the New Zealand case – but the chances are that the wily Dutchman has already decided what figure to present to his fellow Commissioners when they gather to discuss the issue at their weekly meeting in Brussels tomorrow.

No one can be sure until the last minute but the widespread expectation is that proposed butter deliveries from New Zealand for next year will be fixed at a level considerably below the 74,500 tonnes agreed for 1988.

What can be said with certainty is that Mr Andriessen has not taken the matter lightly. Sensing that the mood in much of Europe is against it, the Wellington Government has mounted a formidable behind-the-scenes lobbying campaign to publicise its arguments over the last few months, and it has not been shy about suggesting that the credibility of the EC's commitment to roll back farm subsidies in the General Agreement on Tariffs and Trade (Gatt) is at stake.

The EC dairy industry, on the other hand, smarting from the imposition of steep reductions in milk quotas at home, has been fighting an equally determined battle to persuade Brussels to take the forthcoming opportunity to cut the New Zealand quota down to size, or get rid of it once and for all.

Faced with these conflicting pressures the commission laboured longer than originally expected to come up with its preferred solution. It is no great secret, for example, that the dairy specialists in Directorate General VI (the farm policy nerve centre in Brussels) broadly favour the European lobbies and would like to see a substantial cut in the quota, while the civil servants in the commission's external relations directorate (DG I) are more conscious of political obligations to New Zealand, the implications for world dairy markets and the community's moral and political standing in the Gatt.

All parties in the community, however, at least unofficially accept that the forthcoming butter negotiations will become inextricably bound up with the question of New Zealand lamb.

Wellington's arguments as to why, in the words of its own publicity, the EC "shouldn't drop Anchor" (its familiar brand name in the UK) are morally (and perhaps economically) convincing. Blessed with rich grassland pasture and a friendly climate, New Zealand's dairy industry is the most efficient in the world, receives virtually no subsidies, and supplies a product which, largely because of its lower price, is consumed by a claimed 3m British households every month.

New Zealand further argues that butter sales to Britain represent a vital economic life-line for its farmers and that the loss of all or part of this trade could weaken stability in the South Pacific; that the community's huge sales of surplus butter have broken a long-standing commitment not to disrupt world markets; and that the displacement of UK imports onto a restricted international market would only depress world prices and cost the EC budget more in export subsidies.

While the commission accepts at least some of these points, Brussels is under enormous pressure to apply the principle of community preference and (as the farm lobbies see it) to administer the distasteful medicine to New Zealand which had to be swallowed by European farmers in the form of milk quota cuts. It is helped in this regard by the fact that Protocol 18 of Britain's 1973 Treaty of Accession, which pledges not to deny Wellington access, is not legally enforceable.

On the other hand, the Voluntary Restraint Agreement which currently guarantees the entry of New Zealand lamb and fixes the level of tariffs is legally binding. It now seems clear that the Commission's proposal will require New Zealand to make concessions on lamb deliveries – in particular the EC is anxious to negotiate a minimum import price in order to maintain the price of European meat – if it wishes to maintain a sizeable butter quota.

Whatever the details of the proposal tomorrow the reaction from "down under" is likely to be fierce. As one New Zealand diplomat has put it, "We are in the mood to fight."

THE EUROPEAN Community's decision on the future level of imports of New Zealand butter and sheepmeat will be a test case of the EC's attitude to trade liberalisation within the General Agreement on Tariffs and Trade, Mr Russell Marshall, New Zealand's Foreign Minister, said in London yesterday, writes Bridget Bloom.

Mr Marshall said his government hoped that the EC would not cut its imports of New Zealand butter. It would thus honour the "standstill" agreement on protectionist measures reached in Uruguay at the beginning of the present round of Gatt negotiations.

It was "pointless" and "folly" to harm a trade partner, when those partners could "stand together in favour of free and open markets," he told a luncheon meeting of the New Zealand UK Chamber of Commerce and Industry.

LME WAREHOUSE STOCKS (Change during week ended last Friday) tonnes

Aluminium standard	−225	to 82,075
Aluminium high grade	−5,325	to 100,550
Copper Grade A	−7,375	to 99,375
Lead	+250	to 65,100
Nickel	−275	to 1,636
Zinc	+1,750	to 27,550
Tin	−195	to 10,895
Silver (ozs)	+92,000	to 15,056,000

WORLD COMMODITIES PRICES

LONDON MARKETS

COCOA prices dipped sharply in morning trading yesterday on unconfirmed reports of a big sale by the Ivory Coast, the world's biggest producer. But a rally in the afternoon left prices virtually unchanged at the close as traders short of cocoa took their profits. However, the trend remains downwards on bearish fundamentals, and analysts said the three-month contract could easily dip to around £680 to £690 a tonne in the next few days. Much may depend on the strategy of the Ivory Coast, which is expected to announce a new sales policy and producer price shortly. On the LME nickel prices recovered some of their early losses, closing with a sharply reduced premium for cash metal over three-month in spite of a decline in LME warehouse stocks to 1,636 tonnes

SPOT MARKETS

Crude oil (per barrel FOB)		+ or -
Dubai	$9.65-9.75z	-0.25
Brent Blend	$11.55-11.65	-.275
W.T.I. (1 pm est)	$13.25-3.28z	-.135
Oil products (NWE prompt delivery per tonne CIF)		+ or -
Premium Gasoline	$168-171	
Gas Oil	$106-109	-3.5
Heavy Fuel Oil	$52-53	-2
Naphtha	$119-122	-6
Petroleum Argus Estimates		
Other		+ or -
Gold (per troy oz)♣	$396.75	+2.00
Silver (per troy oz)♣	620c	+5
Platinum (per troy oz)	$502	-3
Palladium (per troy oz)	$119.00	-0.25
Aluminium (free market)	$2215	+5
Copper (US Producer)	128⅝-129c	+¼
Lead (US Producer)	39c	
Nickel (free market)	520c	-10
Tin (European free market)	£4275	-75
Tin (Kuala Lumpur market)	19.3r	-0.2
Tin (New York)	336.50c	-3.25
Zinc (Euro. Prod. Price)	$1350.0	+37.5
Zinc (US Prime Western)	69⅞c	
Cattle (live weight)†	110.41p	-0.80*
Sheep (dead weight)†	146.78p	+2.06*
Pigs (live weight)†	71.39p	-0.52*
London daily sugar (raw)	$252.3x	+6.9
London daily sugar (white)	$264.0x	+4.5
Tate and Lyle export price	£268	+4
Barley (English feed)	£111v	
Maize (US No. 3 yellow)	£127v	
Wheat (US Dark Northern)	£122.5z	
Rubber (spot)♥	60.50p	-1.50
Rubber (Nov)♥	67.75p	-1.50
Rubber (Dec)♥	68.25p	-1.50
Rubber (KL RSS No 1 Nov)	298.5m	
Coconut oil (Philippines)§	$550	
Palm Oil (Malaysian)§	$420	
Copra (Philippines)§	$365q	
Soyabeans (US)	$200.0s	+0.5
Cotton "A" index	56.40c	+0.75
Wooltops (64s Super)	660p	

£ a tonne unless otherwise stated. p-pence/kg. c-cents/lb. r-ringgit/kg. q-Sep. s-Sep/Oct. x-Oct/Nov. w-Nov/Dec. v-Oct/Dec. z-Nov. †Meat Commission average fatstock prices. * change from a week ago. ♥London physical market. §CIF Rotterdam. ♣ Bullion market close. m-Malaysian cents/kg.

COCOA £/tonne

	Close	Previous	High/Low
Dec	723	722	724 702
Mar	742	741	745 723
May	755	754	756 735
Jul	774	771	773 756
Sep	793	788	790 773
Dec	838	836	836 815
Mar	865		858 850

Turnover: 5018 (4539) lots of 10 tonnes
ICCO indicator prices (SDRs per tonne). Daily price for Sep 30: 919.75 (916.92) :10 day average for Oct 3: 935.65 (937.71) .

COFFEE £/tonne

	Close	Previous	High/Low
Nov	1225	1203	1235 1191
Jan	1217	1178	1225 1178
Mar	1205	1165	1220 1168
May	1197	1165	1208 1170
Jly	1193	1170	1202 1180
Sep	1196	1175	1205 1200

Turnover: 10354 (5212) lots of 5 tonnes
ICCO indicator prices (US cents per pound) for Sep 30: Comp. daily 118.94 (118.97); . 15 day average 114.40 (114.15).

SUGAR ($ per tonne)

Raw	Close	Previous	High/Low
Oct	203.00	212.00	206.80 204.60
Dec	214.00	220.60	216.00 216.00
Mar	209.80	216.60	216.00 207.00
May	207.80	213.20	211.00 207.40
Aug	205.80	210.00	206.80 206.60
Oct	197.00	205.00	
White	**Close**	**Previous**	**High/Low**
Dec	245.50	248.00	248.60 245.00
Mar	240.00	248.00	247.50 238.00
May	240.50	249.50	246.50 244.50
Aug	241.50	250.00	248.00 246.00
Oct	240.00	250.00	244.50
Dec	241.00	247.00	244.50
Mar	241.00	248.00	244.50

Turnover: Raw 2670 (5811) lots of 50 tonnes. White 886 (998).
Paris- White (FFr per tonne): Dec 1560, Mar 1529, May 1528, Aug 1535, Oct 1545, Dec 1540

GAS OIL $/tonne

	Close	Previous	High/Low
Oct	108.25	110.75	109.00 106.50
Nov	108.75	112.50	111.00 107.25
Dec	111.00	114.00	112.50 109.25
Jan	112.00	114.75	113.25 110.00
Feb	111.75	115.00	112.00 110.50
Mar	111.00	113.75	
Apr	110.00	113.50	

Turnover 9790 (7279) lots of 100 tonnes

GRAINS £/tonne

Wheat	Close	Previous	High/Low
Nov	107.80	108.35	108.35 107.80
Jan	110.95	111.35	111.35 110.95
Mar	114.00	114.40	114.15 114.00
May	116.90	117.25	117.00 116.90
Jun	118.55	118.90	118.65 118.55
Barley	**Close**	**Previous**	**High/Low**
Nov	105.25	105.45	105.25
Jan	108.30	108.45	108.30 108.25
Mar	110.35	110.65	110.35
May	112.20	112.50	112.20
Sep	99.00	99.00	99.00
Nov	102.00	102.00	102.00

Turnover: Wheat 290 (668) . Barley 38 (72) . Turnover lots of 100 tonnes.

LONDON METAL EXCHANGE (Prices supplied by Amalgamated Metal Trading)

	Close	Previous	High/Low	AM Official	Kerb close	Open interest
Aluminium, 99.7% purity ($ per tonne)						Ring turnover 9,100 tonne
Cash	2200-10	2200-10		2210-20		
3 months	2161-3	2160-6	2210/2155	2165-8	2163-4	13,468 lots
Aluminium, 99.5% purity (£ per tonne)						Ring turnover 9,076 tonne
Cash	1260-5	1260-5	1260	1260-5	1235-40	34,419 lots
Copper, Grade A (£ per tonne)						Ring turnover 24,875 tonne
Cash	1537-8	1521-3	1570/1540	1565-70		
3 months	1464-5	1471-2	1480/1463	1478-80	1468-9	64,082 lots
Copper, Standard (£ per tonne)						Ring turnover 0 tonne
Cash	1465-75	1440-5		1480-90		
3 months	1415-25	1420-30		1430-40		17 lots
Silver (US cents/fine ounce)						Ring turnover 0 ozs
Cash	618-20	610-2		608-9		
3 months	631-3	623-5		621-2		439 lots
Lead (£ per tonne)						Ring turnover 5,625 tonne
Cash	365.5-6.5	369-70	367/366.5	367.5-8		
3 months	366.5-7.5	372-3	371/367	368-9	366-8	10,002 lots
Nickel ($ per tonne)						Ring turnover 1,074 tonne
Cash	11250-350	11400-600	11300/11250	11250-300		
3 months	10200-50	10200-300	10472/10100	10150-75	10200-50	5,999 lots
Zinc ($ per tonne)						Ring turnover 20,575 tonne
Cash	1337-42	1335-40	1330/1320	1328-32		
3 months	1275-7	1285-9	1310/1260	1255-60	1270-5	17,800 lots

POTATOES £/tonne

	Close	Previous	High/Low
Nov	58.0	57.0	57.5
Feb	71.0	70.0	
Apr	93.9	92.8	93.9 92.9
May	104.4	104.0	104.0
Nov	90.0	90.0	

Turnover 61 (128) lots of 40 tonnes.

SOYABEAN MEAL £/tonne

	Close	Previous	High/Low
Oct	180.00	180.00	178.00
Dec	181.00	179.50	180.00
Feb	187.50	187.50	187.50 186.00
Apr	187.50	186.00	186.50 185.00
Jun	178.00	178.00	

Turnover 1850 (235)lots of 20 tonnes.

FREIGHT FUTURES $10/index point

	Close	Previous	High/Low
Oct	1357	1350	1370 1356
Jan	1454	1438	1460 1450
Apr	1498	1479	1500 1498
Jul	1311	1284	1311 1284
BFI	1275	1278	

Turnover 217 (259)

TEA
There were 22,260 packages on offer including 200 offshore, reports the Tea Brokers Association. Improved and more general demand. Quality teas from Assam again met strong competition while others sold readily at little change in rates. Bangladesh offerings opened firm but closed 3-6p lower. Bright East Africans and the better mediums were fully firm to dearer but plainer sorts and most Central Africans declined by 2-4p. Ceylons came to a strong market at dearer rates. There was no support for the one container available in the offshore auction. Quotations: quality 180p (196p), medium 100p (96p), low medium 78p (78p).

LONDON BULLION MARKET

Gold (fine oz)	$ price	£ equivalent
Close	396½-397	233¾-234¼
Opening	392½-393	231¾-232¼
Morning fix	394.2	232.704
Afternoon fix	396	233.312
Day's high	397¼-397¾	
Day's low	392½-393	

Coins	$ price	£ equivalent
Mapleleaf	408-412	240½-243½
Britannia	408-412	240½-243½
US Eagle	408-412	240½-243½
Angel	406-411	239¼-242¼
Krugerrand	396-399	233½-235½
New Sov.	93¼-94¼	55-55¾
Old Sov.	93¼-94¼	55-55¾
Noble Plat	516.05-522.1	304.45-308

Silver fix	p/fine oz	US cts equiv
Spot	361.65	612.40
3 months	372.40	625.55
6 months	383.10	639.05
12 months	404.00	667.35

LONDON METAL EXCHANGE TRADED OPTIONS

Aluminium (99.7%)	Calls		Puts	
Strike price $ tonne	Nov	Jan	Nov	Jan
2150	119	144	60	145
2250	70	104	110	202
2350	37	73	177	269
Copper (Grade A)	**Calls**		**Puts**	
2350	251	179	15	125
2450	172	133	35	176
2550	109	95	71	237

US MARKETS

IN THE METAL markets, trading was very moderate, reports Drexel Burnham Lambert. Gold gained 3 dollars from short covering by the trade and commission houses. Silver had an overdue rally advancing 11 cents. Copper featured arbitrage selling early in the day along with profit taking from the trade. Prices fell 45 points. The soft commodities appeared to be more active than last week. Coffee sank over 500 as the new agreement was seen as bearish. In cocoa trading rumours of heavy Ivory Coast selling weakened prices early on. Prices firmed near the close on some light profit taking. Sugar fell 37 points as commission house and fund activity was present. In the grain markets, soybeans, corn and the wheat all showed firmness as harvest activity seems to be lagging behind. Cotton prices advanced sharply as local traders were buyers throughout the day. The meat markets were sold off as last weeks report was felt to be bearish. Pork bellies ended the day limit down. In the energy market, crude oil prices declined as volume approached 100,000.

New York

GOLD 100 troy oz.; $/troy oz.

	Close	Previous	High/Low	
Oct	397.5	394.4	399.5	393.3
Nov	399.8	396.8	0	0
Dec	402.2	399.2	404.5	398.1
Feb	407.3	404.3	409.3	403.5
Apr	412.4	409.4	414.5	408.8
Jun	417.6	414.6	419.0	413.9
Aug	423.1	420.0	420.5	419.3
Oct	428.7	425.5	426.5	425.5
Dec	434.2	431.0	435.5	429.5

PLATINUM 50 troy oz; $/troy oz.

	Close	Previous	High/Low	
Oct	502.4	498.5	509.0	495.0
Jan	505.4	502.5	512.0	498.5
Apr	510.7	508.5	517.0	505.0
Jul	516.7	514.5	523.0	515.0
Oct	523.7	521.5	532.0	526.0

SILVER 5,000 troy oz; cents/troy oz.

	Close	Previous	High/Low	
Oct	624.8	613.5	623.0	623.0
Nov	629.0	618.0	0	0
Dec	633.5	622.5	637.0	619.6
Jan	638.4	627.4	0	0
Mar	648.3	637.3	651.0	634.5
May	658.1	647.1	655.0	645.0
Jul	668.5	657.5	671.0	657.5
Sep	678.5	667.5	674.0	674.0
Dec	694.0	683.0	695.0	683.0
Jan	699.0	688.0	0	0

COPPER 25,000 lbs; cents/lbs

	Close	Previous	High/Low	
Oct	117.40	116.60	117.70	116.00
Nov	113.15	113.10	0	0
Dec	109.15	109.60	110.60	108.30
Jan	106.25	106.45	108.00	106.00
Mar	100.25	99.15	100.60	99.20
May	96.50	95.20	96.20	95.30
Jul	94.10	92.60	93.30	93.10
Sep	92.30	190.60	92.00	92.00
Dec	90.70	89.15	90.50	90.00

CRUDE OIL (Light) 42,000 US galls $/barrel

	Latest	Previous	High/Low	
Nov	13.12	13.37	13.23	13.05
Dec	12.76	13.02	12.88	12.65
Jan	12.71	12.96	12.80	12.57
Feb	12.72	12.95	12.80	12.65
Mar	12.77	12.97	12.86	12.76
May	12.93	13.05	12.93	12.90
Jun	13.00	13.09	13.05	12.95
Aug	13.20	13.17	13.20	13.12

HEATING OIL 42,000 US galls, cents/US galls

	Latest	Previous	High/Low	
Nov	3820	3873	3840	3800
Dec	3895	3945	3910	3870
Jan	3950	4002	3964	3925
Feb	3955	4004	3970	3940
Mar	3825	3874	3835	3825
Apr	3720	3739	3725	3700
May	3660	3684	3660	3635

COCOA 10 tonnes;$/tonnes

	Close	Previous	High/Low	
Dec	1132	1132	1148	1103
Mar	1146	1146	1159	1125
May	1174	1172	1180	1155
Jul	1203	1194	1206	1188
Sep	1225	1216	1232	1225
Dec	1262	1255	1270	1262
Mar	1292	0	0	0

COFFEE "C" 37,500lbs; cents/lbs

	Close	Previous	High/Low	
Dec	128.29	131.93	129.70	125.10
Mar	127.15	131.84	129.75	127.00
May	127.40	132.00	129.70	127.40
Jul	127.75	131.83	129.00	127.75
Sep	128.23	130.00	0	0
Dec	128.50	130.00	129.25	127.00
Mar	27.50	0	0	0

SUGAR WORLD "11" 112,000 lbs; cents/lbs

	Close	Previous	High/Low	
Jan	9.06	9.46	9.26	9.26
Mar	9.27	9.64	9.55	9.12
May	9.15	9.46	9.34	9.02
Jul	9.05	9.24	9.18	8.90
Oct	8.90	9.04	9.07	8.82
Jan	8.00	8.36	8.00	8.00
Mar	9.00	0	9.00	9.00

COTTON 50,000; cents/lbs

	Close	Previous	High/Low	
Oct	55.45	53.75	55.50	54.25
Dec	52.81	51.41	52.85	51.60
Mar	52.80	51.45	52.80	51.75
May	53.15	51.42	53.15	51.95
Jul	53.35	52.05	53.35	52.35
Oct	53.70	52.68	53.70	53.70
Dec	54.00	52.85	54.05	53.30

ORANGE JUICE 15,000 lbs; cents/lbs

	Close	Previous	High/Low	
Nov	180.60	180.25	180.50	178.20
Jan	171.60	171.00	171.90	168.00
Mar	169.15	167.75	169.25	166.30
May	167.75	167.25	167.75	166.50
Jul	165.75	166.25	0	0
Nov	160.90	160.90	0	0
Jan	158.75	158.90	0	0
Mar	66.75	0	0	0

INDICES

REUTERS (Base: September 18 1931 = 100)

Sept 30	Sept 29	mnth ago	yr ago
1865.7	1858.0	1887.6	1646.2

DOW JONES (Base: Dec. 31 1974 = 100)

Spot	132.50	132.60	132.65	126.73
Futures	135.64	135.39	135.88	131.42

Chicago

SOYABEANS 5,000 bu min; cents/60lb bushel

	Close	Previous	High/Low	
Nov	817/0	813/0	824/4	806/0
Jan	825/6	823/4	834/0	816/4
Mar	833/0	829/6	840/0	823/0
May	829/2	826/6	837/0	820/0
Jul	821/0	819/4	827/0	814/0
Aug	807/0	808/0	809/0	806/0
Sep	749/0	751/0	755/0	747/0
Nov	713/4	720/0	722/0	710/0

SOYABEAN OIL 60,000 lbs; cents/lb

	Close	Previous	High/Low	
Oct	24.04	24.24	24.55	23.91
Dec	24.62	24.67	25.05	24.38
Jan	24.79	25.00	25.35	24.70
Mar	25.36	25.50	25.85	25.25
May	25.70	25.77	26.15	25.60
Jul	25.70	25.80	26.25	25.70
Aug	25.50	25.50	25.95	25.50
Sep	25.75	25.70	25.70	25.80

SOYABEAN MEAL 100 tons; $/ton

	Close	Previous	High/Low	
Oct	260.7	257.4	262.0	255.5
Dec	261.2	259.0	263.0	257.5
Jan	259.7	257.7	261.0	256.0
Mar	255.7	254.7	258.0	253.0
May	251.2	249.7	252.0	248.5
Jul	245.2	245.5	246.6	242.5
Aug	238.2	238.1	239.0	238.5
Sep	227.0	227.0	228.0	228.0

MAIZE 5,000 bu min; cents/56lb bushel

	Close	Previous	High/Low	
Dec	290/0	285/6	290/4	288/0
Mar	296/0	291/0	298/2	291/4
May	298/2	293/2	298/2	293/6
Jul	295/2	291/2	295/4	290/6
Sep	272/4	271/4	273/4	270/0
Dec	259/2	258/6	259/4	258/2
Mar	265/0	265/0	265/0	263/4

WHEAT 5,000 bu min; cents/60lb-bushel

	Close	Previous	High/Low	
Dec	422/2	414/6	423/4	415/0
Mar	427/0	421/0	428/4	421/0
May	400/0	394/0	403/0	398/0
Jul	361/0	359/4	364/0	358/4
Sep	364/4	362/4	365/0	363/4
Dec	375/0	0	0	0

LIVE CATTLE 40,000 lbs; cents/lbs

	Close	Previous	High/Low	
Oct	72.35	71.75	72.55	71.30
Dec	74.17	73.77	74.40	73.25
Feb	73.60	73.55	73.87	73.02
Apr	74.97	74.80	75.07	74.25
Jun	73.95	73.77	74.00	73.25
Aug	71.52	71.35	71.75	70.95
Sep	71.40	71.40	0	0
Oct	70.80	70.70	71.05	70.60

LIVE HOGS 30,000 lb; cents/lbs

	Close	Previous	High/Low	
Oct	39.20	39.80	39.45	38.60
Dec	42.37	43.02	42.45	41.62
Feb	45.22	46.40	45.40	44.90
Apr	44.40	45.82	44.45	44.32
Jun	47.95	49.10	47.95	47.60
Jul	48.65	49.65	48.95	48.35
Aug	47.97	48.45	48.25	47.82
Oct	45.37	45.50	45.45	44.02

PORK BELLIES 38,000 lbs; cents/lb

	Close	Previous	High/Low	
Feb	50.32	52.32	50.32	50.32
Mar	50.67	52.67	50.67	50.67
May	52.40	54.40	52.40	52.40
Jul	52.92	54.92	52.92	52.92
Aug	50.47	52.42	51.20	50.42

WORLD STOCK MARKETS

AUSTRIA [illegible]

BELGIUM/LUXEMBOURG [illegible]

DENMARK [illegible]

FINLAND [illegible]

FRANCE [illegible]

FRANCE (continued) [illegible]

GERMANY [illegible]

GERMANY (continued) [illegible]

ITALY [illegible]

ITALY (continued) [illegible]

NETHERLANDS [illegible]

NORWAY [illegible]

SPAIN [illegible]

SWEDEN [illegible]

SWITZERLAND [illegible]

SOUTH AFRICA [illegible]

JAPAN [illegible]

AUSTRALIA [illegible]

AUSTRALIA (continued) [illegible]

HONG KONG [illegible]

SINGAPORE [illegible]

NOTES – Prices on this page are as quoted on the individual exchanges and are last traded prices. [illegible]

CANADA

TORONTO

2pm prices October 3

Quotations in cents unless marked $.

[illegible]

f – No voting rights or restricted voting rights.

INDICES

NEW YORK — DOW JONES

	Sep 30	Sep 29	Sep 28	Sep 27	1988 High	1988 Low	Since compilation High	Since compilation Low
♦Industrials	2112.91	2119.31	2085.53	2082.53	2158.61 (5/7)	1879.14 (20/1)	2722.42 (25/8/87)	41.22 (2/7/32)
Home Bonds	89.16	89.12	89.00	88.99	91.25 (3/3)	86.12 (4/1)	–	–
Transport	906.96	908.60	894.41	890.38	908.60 (29/9)	737.57 (21/1)	1101.16 (14/8/87)	12.32 (8/7/32)
Utilities	181.54	182.08	180.77	179.82	190.02 (29/1)	167.26 (20/4)	227.83 (22/1/87)	10.50 (8/4/32)

♦Day's High 2140.29 (2123.76) Low 2104.42 (2084.46)

STANDARD AND POOR'S	Sep 30	Sep 29	Sep 28	Sep 27	1988 High	1988 Low	Since compilation High	Since compilation Low
Composite‡	271.91	272.59	269.08	268.26	275.66 (22/6)	242.63 (20/1)	336.77 (25/8/87)	4.40 (1/6/32)
Industrials	311.70	312.68	308.46	307.45	318.54 (22/6)	277.86 (20/1)	393.17 (25/8/87)	3.62 (21/6/32)
Financials	25.98	26.04	25.82	25.79	26.05 (16/9)	21.51 (8/1)	32.43 (25/8/87)	8.64 (1/10/74)
NYSE Composite	153.57	153.78	152.03	151.64	155.35 (22/6)	136.72 (20/1)	187.99 (25/8/87)	4.46 (25/4/42)
Amex Mkt. Value	301.63	300.81	298.87	298.40	309.33 (10/6)	262.76 (12/1)	365.01 (13/8/87)	29.31 (9/12/72)
NASDAQ OTC Comp	387.71	386.05	383.28	382.22	394.77 (18/7)	331.97 (12/1)	455.28 (26/8/87)	54.87 (31/10/72)

	Sep 23	Sep 16	Sep 12	year ago (approx.)
Dow Industrial Div. Yield	3.70	3.68	3.71	2.68
	Sep 28	Sep 21	Sep 14	year ago (approx.)
S & P Industrial div. yield	3.21	3.19	3.19	2.40
S & P P/E ratio	12.98	13.03	13.00	23.20

TRADING ACTIVITY — † Volume (Millions)

	Sep 30	Sep 29	Sep 28
New York	177.445	155.790	113.720
Amex	9.100	8.618	8.082
OTC	(u)	121.490	111.718

NEW YORK	Sep 30	Sep 29	Sep 28
Issues Traded	1,931	1,944	1,916
Rises	849	1,063	741
Falls	599	403	631
Unchanged	483	478	544
New Highs	33	23	18
New Lows	12	18	17

CANADA

TORONTO	Sep 30	Sep 29	Sep 28	Sep 27	1988 High	1988 Low
Metals & Minerals	2748.9	3274 9	2737.4	2734.1	3226.5 (5/7)	2238.7 (8/2)
Composite	3283.7	13283.	3266.2	33262.	3465.4 (5/7)	2977.9 (8/2)
MONTREAL Portfolio	1634.42	1638.45	1626.36	1624.81	1723.71 (5/7)	1305.06 (27/1)

NEW YORK ACTIVE STOCKS

Friday	Stocks traded	Closing price	Change on day		Stocks traded	Closing price	Change on day
Ill Power	4,619,800	20	− ⅛	IMC Fert	2,284,800	37⅞	− 1⅛
Mid-So Util	3,268,600	15	+ ½	Gen Motors	1,988,900	75	+ ½
Boston Ed	3,170,200	16	+ ⅛	ATT	1,960,500	26	− ¼
USG Corp	2,766,900	7½	...	Kroger	1,877,500	56⅛	+ 1⅜
ADV Micro	2,391,600	9¼	− 1½	Gillette	1,847,800	34⅝	+ ½

Base values of all Indices are 100 except NYSE All Common – 50; Standard and Poor's – 10; and Toronto Composite and Metals – 1000. Toronto Indices based 1975 and Montreal Portfolio 4/1/83. † Excluding bonds. ‡ 400 Industrials plus 40 utilities, 40 Financials and 20 transports. (c) Closed. (u) Unavailable.

	Oct. 3	Sept 30	Sept 29	Sept 28	1988 High	1988 Low
AUSTRALIA						
All Ordinaries (1/1/80)	1542.6	1551.6	1541.9	1546.2	1657.8 (9/8)	1170.7 (10/2)
All Mining (1/1/80)	708.2	714.9	706.9	712.7	847.8 (9/8)	532.4 (10/2)
AUSTRIA						
Credit Aktien (30/12/84)	204.80	204.50	205.00	205.60	205.90 (27/9)	163.98 (11/2)
BELGIUM						
Brussels SE (1/1/84)	5269.80	5255.80	5235.10	5235.30	5315.1 (21/9)	3608.36(4/1)
DENMARK						
Copenhagen SE (3/1/83)	233.96	234.20	233.38	232.58	234.20 (30/9)	180.68 (4/1)
FINLAND						
Unitas General (1975)	685.3	686.6	686.6	690.3	772.1 (8/8)	530.6 (15/1)
FRANCE						
CAC General (31/12/82)	379.7	380.20	377.4	373.6	380.20(30/9)	251.3 (29/1)
Ind. Tendance(31/12/87)	147.2	146.4	146.6	143.6	147.2 (3/10)	89.7 (29/1)
GERMANY						
FAZ Aktien (31/12/58)	513.92	517.44	515.12	511.96	518 40 (21/9)	396.40 (29/1)
Commerzbank (1/12/53)	1559.20	1571.10	1564.20	1554.20	1576.40(21/9)	1207.9 (29/1)
DAX (30/12/87)	1242.44	1252.69	1248.71	1239.16	1260.99 (21/9)	931.18 (28/1)
HONG KONG						
Hang Seng Bank (31/7/64)	2429.07	2441.05	2439.39	2449.75	2772.53 (12/7)	2223.56 (8/2)
ITALY						
Banca Com. Ital. (1972)	555.09	552.71	549.27	544.95	555.09 (3/10)	423.91 (9/2)
JAPAN**						
Nikkei (16/5/49)	27545.53	27923.67	27700.13	27752.01	28423.38 (5/8)	21217.04 (4/1)
Tokyo SE (Topix) (4/1/68)	2125.78	2151.36	2131.96	2133.46	2253.10 (2/8)	1690.44 (4/1)
NETHERLANDS						
ANP-CBS General (1970)	273.6	274.90	272.80	270.70	284.8 (9/8)	205.7 (4/1)
ANP-CBS Industrial (1970)	237.1	236.80	234.70	231.50	239.3 (9/8)	157.9 (11/1)
NORWAY						
Oslo SE (4/1/83)	392.98	391.49	384.90	382.24	423.64 (21/7)	327.78 (28/1)
SINGAPORE						
Straits Times Ind. (30/12/66)	1023.05	1034.96	1030.69	1030.30	1177.87 (8/8)	833.60(4/1)
SOUTH AFRICA						
JSE Gold (28/9/78)	1274.04	1266.0	1264.0	1254 0	1451.0 (7/7)	1154.0 (4/5)
JSE Industrial (28/9/78)	1732.04	1737.0	1723.0	1700.6	1758.0 (20/7)	1387.0 (12/2)
SPAIN						
Madrid SE (30/12/85)	283.68	281.27	277.75	275.2	301.63 (15/6)	225.50 (4/1)
SWEDEN						
Jacobson & P. (31/12/56)	3112.3	3105.20	3088.41	3081.20	3124.50 (22/9)	2148.5 (4/1)
SWITZERLAND						
Swiss Bank Ind. (31/12/58)	565.90	567.00	565.80	563.70	567.00(30/9)	466.6 (13/1)
WORLD						
M.S. Capital Intl. (1/1/70)	(u)	446.2	444.6	441.8	465.2 (15/6)	401.0 (21/1)

**Saturday Oct. 1: Japan Nikkei 27,700.13 and TSE 2,135.62

♦ Subject to official recalculation.

Base values of all Indices are 100 except Brussels SE and DAX – 1,000 JSE Gold – 255.7 JSE Industrials – 264.3 and Australia. All Ordinary and Mining – 500; (c) Closed. (u) Unavailable.

TOKYO - Most Active Stocks

Monday 3 October 1988

	Stocks Traded	Closing Prices	Change on day		Stocks Traded	Closing Prices	Change on day
Mitsubishi Heavy Industries	93.5m	993	+14	Kawasaki Heavy	16.7m	698	+6
Sumitomo Metal	67.0m	725	+7	Tobu Railway	15.2m	1,380	+10
Nippon Steel	47.6m	785	-7	Komatsu	11.3m	807	+12
Kawasaki Steel	36.7m	889	unch	Showa Wire & Cable	10.8m	989	-11
NKK	19.9m	782	-16	Kobe Steel	10.3m	697	-6

3pm prices October 3

NEW YORK STOCK EXCHANGE COMPOSITE PRICES

12 Month High	Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
		– A–A–A –								
27⅞	14	AAR s	.36	1.4	19	96	26	25⅞	25⅞	– ⅛
10⅛	9¼	ACM n				276	9⅞	9¾	9¾	– ⅛
12⅛	8⅛	ACMIn	1.26a	11.		355	11	10⅞	11	+ ⅛
12⅛	10⅝	ACMSc	a1.26	12.		365	10⅞	10¾	10⅞	
10⅛	8⅞	ACMSp	m1.01	11.		194	9⅛	9	9⅛	
29⅞	10½	AGS			20	1145	28⅛	28⅛	28⅛	– ⅛
7⅛	2⅝	AMCA				3	4	4	4	+ ⅛
7⅛	3⅛	AM Intl				106	6½	6⅜	6⅜	– ⅛
57⅞	29¾	AMR			10	3191	48⅜	47⅛	48⅜	+ ⅞
27	25	ANR pf	2.67	10.		66	26½	26⅛	26⅜	+ ⅜
24⅛	19	ANR pf	2.12	8.8		2	24	24	24	
10	5⅛	ARX			11	16	7⅛	7	7	– ⅛
70½	35⅛	ASA	3	7.9		268	38½	37⅞	38⅛	+ ⅜
22⅛	9½	AVX	.12e	.6	12	225	19⅛	18¾	18¾	– ⅛
61⅝	40	AbtLab	1.20	2.5	16	1678	49⅜	48	48	– ⅛
27⅛	15⅜	AbitibI g	1			249	16⅞	16⅝	16⅞	+ ⅛
16½	8½	AcmeC	.40	4.4		39	9	8⅞	9	
9½	6⅝	AcmeE	.32b	4.6	50	10	7	7	7	
20	14⅛	AdaEx	3.05e	20.		73	15⅝	15½	15½	
19⅛	6⅞	AdamMl	.24	1.4	16	7	16⅛	16¾	16¾	+ ⅛
24⅞	7½	AMD				9159	9⅛	8⅝	8⅞	– ⅛
58⅛	29¼	AMD pf	3	9.7		227	31	30¼	30⅞	– ⅛
9½	4⅝	Adobe				486	7½	7⅜	7⅜	– ⅛
19⅝	16⅛	Adob pf	1.84	11.		3	17⅜	17⅜	17⅜	+ ⅛
21⅛	17½	Adob pf	2.40	11.		1	20⅞	20⅞	20⅞	– ⅛
12	5⅞	Advest	.12	1.5	15	129	8⅜	8⅛	8⅛	– ⅛
61⅛	39½	AetnLf	2.76	5.4	8	1396	50⅞	50⅜	50⅜	
35⅜	20½	AfilPb s	.20	.7		330	30	29½	29⅜	– ⅛
20⅞	13	Ahmans	.88	5.2	11	2017	17	16⅝	16⅞	– ⅛
4⅝	1⅛	Aileen				5	4	4	4	– ⅛
53⅛	29	AirPrd	1.20	2.9	11	1062	41⅞	41⅜	41½	– ⅜
27½	11⅛	AirbFrt	.60	3.2	25	35	19⅜	18⅞	19	– ½
16⅜	6⅞	Airgas			16	10	14⅞	14⅜	14⅜	– ¼
20	13½	Airlease	2.40	13.	10	27	18⅞	18⅞	18⅞	– ⅛
9⅛	7⅝	AlaP	dpf.87	9.2		39	9½	9⅛	9½	+ ⅜

Continued on Page 49

NYSE COMPOSITE PRICES

Continued from previous Page

Sales figures are unofficial. Yearly highs and lows reflect the previous 52 weeks plus the current week, but not the latest trading day. Where a split or stock dividend amounting to 25 percent or more has been paid, the year's high-only range and dividend are shown for the new stock only. Unless otherwise noted, rates of dividend are annual disbursements based on the latest declaration.

a-dividend also extra(s). b-annual rate of dividend plus stock dividend. c-liquidating dividend. cld-called. d-new yearly low. e-dividend declared or paid in preceding 12 months. g-dividend in Canadian funds, subject to 15% non-residence tax. i-dividend declared after split-up or stock dividend. j-dividend paid this year, omitted, deferred, or no action taken at latest dividend meeting. k-dividend declared or paid this year, an accumulative issue with dividends in arrears. n-new issue in the past 52 weeks. The high-low range begins with the start of trading. nd-next day delivery. P/E price-earnings ratio. r-dividend declared or paid in preceding 12 months, plus stock dividend. s-stock split. Dividends begin with date of split. sls-sales. t-dividend paid in stock in preceding 12months, estimated cash value on ex-dividend or ex-distribution date. u-new yearly high. v-trading halted. vi-in bankruptcy or receivership or being reorganised under the Bankruptcy Act, or securities assumed by such companies. wd-distributed. wi-when issued. ww-with warrants. x-ex-dividend or ex-rights. xdis-ex-distribution. xw-without warrants. y-ex-dividend and sales in full. yld-yield. z-sales in full.

AMEX COMPOSITE PRICES

3pm prices October 3

OVER-THE-COUNTER

Nasdaq national market, 4pm prices October 3

FINANCIAL TIMES Tuesday October 4 1988

AMERICA

Early falls in Dow almost erase last week's increase

Wall Street

EARLY brisk trade saw equities fall yesterday as institutions appeared to take profits on the first day of the final quarter, *writes Janet Bush in New York.*

At one stage during the morning, the Dow Jones Industrial Average was nearly 30 points lower but the index stabilised by 2 pm to stand at 2,091.39, down 21.52. In late morning trading, declining issues outnumbered advancing issues by three to one.

The drop in the Dow Jones Industrial Average virtually wiped out last week's gains which had taken the index near to the top of its 1988 range and took the index once more below the widely-watched 2,100 level. Volume was only moderate with 82m shares having changed hands by midsession.

There appeared to be a number of reasons for the weakness in equities. There were reports that one leading securities house had recommended that its clients lighten the equity component of their portfolios.

In addition, it appeared that investors were cashing in after a relatively healthy third quarter performance with nervousness about the word October because of the imminent first anniversary of the stock market crash.

Concern about Friday's publication of US unemployment and jobs figures for September is one reason for investors selling.

After evidence of some softening in the jobs market during August, most economists are forecasting renewed strength in September.

The consensus of forecasts compiled by Money Market Services of Redwood City, California, is for a rise in the non-farm payroll of 283,000 after an increase of 219,000 in August and a fall in the unemployment rate to 5.5 per cent from 5.6 per cent in August.

Financial markets have particularly focused on monthly unemployment figures because they have played a crucial role in the various moves undertaken this year by the US Federal Reserve to tighten monetary policy.

The bond market became nervous last week when there was only a very small rise in initial state insurance benefit claims in the September week used as a basis for Friday's unemployment report.

Yesterday's publication of the latest US purchasing managers' report, which appeared to confirm a marked deceleration in economic growth, seemed to have no impact at all on stocks although bond prices moved modestly higher.

Two other economic releases yesterday also had no impact. US factory orders rose 3.1 per cent in August after a 3.6 per cent decline in July, in line with expectations. Excluding defence non-capital goods, orders rose 2.7 per cent, evidence of continued strength in this series.

By contrast, construction spending fell 0.6 per cent in August, slightly weaker than forecast.

Blue chip issues were generally lower. International Business Machines was quoted $1 down at midsession at $114⅝, Coca-Cola was also down $1 at $42⅝, Du Pont fell $1 to $80⅝ and General Electric slipped $⅜ to $43.

The technology sector was also weak on expectations of disappointing third quarter results.

Hewlett-Packard slumped $⅞ to $49, Digital Equipment dropped $1⅜ to $92½ and Motorola was also down $1⅛ at $41⅞.

Among featured individual stocks yesterday was Fairchild Industries which added $¼ to $14⅞ on news that Carlyle Investors may make a friendly offer for the company. One of Carlyle's partnerships already owns a 9.99 per cent stake in the aerospace company.

IPCO Corp, which went ex-dividend yesterday, fell $2 to $9⅛ after the company said it had ended talks with a private company about a possible merger.

Paradyne dropped $⅛ to $5 after the company said it will report a loss for the third quarter, partly because of a $6m charge for the settlement of a law suit and a $26m charge for restructuring moves.

Canada

FALLING oil prices pulled energy producers and pipeline companies lower on the Toronto Stock Exchange. Golds rallied after an easy opening. The weekend's federal election call appeared to have little immediate effect on the market.

The composite index dropped 13.7 to 3,270.0 with twice as many falls as rises on low volume of 7.1m shares.

Bow Valley was down C$⅜ at C$12⅜, TransCanada Pipe slipped C$¼ to C$13¼, Texaco Canada eased C$⅛ to C$38 and Imperial Oil was down C$¼ at C$49⅞.

Among industrials, Canadian Pacific declined C$¼ to C$19¼, BCE was up C$⅛ at C$36⅞ and Seagram declined C$¼ to C$67⅞.

Campeau, which said it may buy up to 5 per cent of its common stock, was down C$⅛ at C$18⅞.

EUROPE

Speculation adds spice to France and Italy

STAKEBUILDING and bid activity enlivened Milan and Paris, while Frankfurt continued its recent consolidation, *writes Our Markets Staff.*

MILAN rose to another year high, led by unidentified buying in publishing group Mondadori and continued demand for insurance group Generali. The Comit index climbed 2.38 to 555.09.

Mondadori, which had lagged the market for some time, suddenly saw its preference shares soar by the maximum amount allowed, rising L1,850, or 16.6 per cent, to L13,000 in heavy volumes before being suspended.

Mr Carlo De Benedetti, who with the Formenton family controls Mondadori, was rumoured to be buying before next week's extraordinary meeting, which could see a vote on converting preference shares into ordinary shares. Ordinary shares are trading at L23,000 – up L350 yesterday – and a one-for-one conversion would translate into large gains for the holder of preference shares.

Generali climbed to L42,650, a rise of L840.

PARIS opened the week slightly easier with interest focusing on stocks involved in actual or rumoured takeover bids. By the close the OMF 50 index was 1.14 points down at 390.35. The CAC General index was 0.5 lower at 379.7.

Valeo was the main feature, tumbling FFr62 to FFr585 after publishing details of its hostile bid for fellow motor component company Epeda. Epeda's shares were suspended last Friday, but the bid sent the shares of its subsidiary Luchaire FFr32 higher to FFr369 before trading was suspended in the stock.

Last week's big mover Bouygues refused to give up the headlines after UK publisher Mr Robert Maxwell revealed at the weekend that he had acquired just under 5 per cent of the construction company's stock. Bouygues holds 25 per cent of TF-1 and Maxwell 13 per cent.

Bouygues initially dropped a few francs on the Maxwell revelation, then recovered to stand FFr11 better at one stage, before ending the day FFr9 lower at FFr698 on good volume. TF-1 closed FFr2.10 lower at FFr294.90.

FRANKFURT closed lower in dull trading, hit by weakness in New York and Tokyo and a lack of overseas interest. The feeling in Frankfurt was that the market has been slightly overbought recently, and the DAX real-time index ended the day 10.25 points lower at 1,242.44 and the FAZ off 3.52 at 513.92. Turnover in German shares was worth DM1.55bn.

The day's most notable fall among leading stocks was computer group Nixdorf, down DM11.50 at DM412 after holding steady in recent weeks. The slide was started by rumours that analysts are marking down their 1989 earnings forecasts for Nixdorf by as much as 19 per cent because of structural difficulties in the mainframe computer market, falling orders from the financial sector and negative press comment.

Car maker Daimler fell DM14 to DM692 after raising its stake in electrical engineering group AEG to 80 per cent. Last week Daimler – frustrated by not owning enough AEG stock to obtain full control of the group – closed its offer to buy all the remaining shares in AEG. News that Daimler is close to acquiring 30 per cent of aerospace company MBB was also behind the drop in its share price.

VW held up well, closing just DM3 lower at DM269.50. Investors were switching out of Daimler amid speculation of higher VW earnings next year than this. Electronics group Siemens was also well supported, losing only DM2.70 to DM470 after announcing the first stage of a reorganisation of its business division.

BRUSSELS ended little changed in a session enlivened only by good demand for steel producers. The cash index was up 14.05 at 5,269.87.

Clabecq put on BFr58, or 4.8 per cent, to BFr1,278 in strong volumes and Arbed rose BFr40 to BFr8,495, reaching a three-year high.

AMSTERDAM finished easier in fairly active trading on profit-taking after last week's gains and Wall Street's lower opening. The CBS all-share index fell 0.3 to 96.4.

Royal Dutch closed Fl 4.60 off at Fl 230.80 as oil prices slumped.

Bid speculation saw Heineken rise against the trend to a high of Fl 149 before closing up 80 cents at Fl 146.50. HBG, building and dredging group, which said it was close to buying a stake in building contractor Volker Stevin, fell Fl 6 to Fl 154. Volker Stevin rose to Fl 40.1 before closing 70 cents better at Fl 38.50 after announcing it would resist any takeover moves.

MADRID was cheered by gains in the banking sector on the first day's trading in the merged Banco Bilbao Vizcaya (BBV). The general index rose 2.41 to 283.66.

Among banks, which are gaining on the back of increased interest rates, BBV put on 25 percentage points to 1,100 per cent of nominal market value. The group was said to be planning to make a public share offer in the US and in Europe worth about $350m.

ZURICH ended the day slightly lower with few features of note as investors stayed on the sidelines.

Interdiscount Holding, which said it acquired a 20 per cent stake in US watch maker Innovative Time and a 45 per cent stake in West Germany's Handelsgesellschaft, was steady at SFr4,000.

STOCKHOLM prices recovered from early falls to close slightly higher in lacklustre trading. The improvement was helped by the fall in oil prices and increased foreign interest in Swedish equities.

SOUTH AFRICA

THE weak bullion price kept a rein on share price movements and gold issues ended mixed after a lacklustre session.

Vaal Reefs rose R2 to R255 and Randfontein shed R3 to R242.

In minings and financials, diamond producer De Beers fell R1.25 to R40.50 and Consolidated Gold lost R1.75 to R89.25. Both were trading ex-dividend.

Platinums continued to gain ground and Impala closed the session 75 cents firmer at R31.75.

Competition for funds hits Seoul

Patrick Harverson looks at the state of play in South Korea

The Seoul stock market reopens today after the long weekend with traders and investors anxious about how shares will perform post-Olympics.

The Games diverted the attention of the market from its usual business - with traders watching their televisions rather than their dealing screens - and from September 16 to 30 the Korea Composite stock index gained just 5.77 points to 677.54. Turnover during the fortnight was very low, and the market is worried that the momentum necessary to maintain a long-term recovery has been lost.

Ever since Seoul won the right to stage the Olympics people predicted the stock market would fall once the Games were over and the euphoria surrounding them had dissipated. Much the same happened in Tokyo after the 1964 Games and history was expected to repeat itself. Yet analysts in London are quietly bullish about the market's immediate prospects. Gross national product is growing at 11 per cent this year, and the economic fundamentals remain positive.

What is alarming is the market's lack of cash and the reluctance of some local investors to return to the market, say analysts. Mr Paul Pheby, of Citicorp Scrimgeour Vickers, points to developments in the past fortnight which have done little to improve the market's mood and which could restrict the opportunities for medium-term growth.

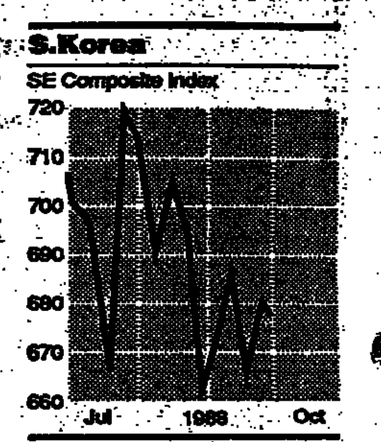
Last week's decision by the Government to go back on its pledge not to issue any new monetary stabilisation bonds (MSBs) during October was a real blow to sentiment. MSBs are one of the few weapons the Government can use to slow monetary supply growth, and because insurance companies and large institutional investors are compelled to invest in MSBs, their issuance tends to drain the equity market of desperately needed cash.

Liquidity has also been hit by the failure of the Government's new policy to divert money from property speculation into the equity market, and by the consistent flow of new shares from listings and rights issues.

The market is not expected to find new cash from overseas, either, which could prove a disappointment for South Koreans hoping that publicity generated by the Olympics would attract new foreign investors to Seoul. Anyone likely to be interested in South Korean equities is already there, say analysts – and they are limited by law to investing in only a handful of overseas funds, closed end unit trusts and convertible Eurobonds.

Generally, however, analysts remain optimistic about the Seoul market in the medium-term. If President Roh Tae-Woo confirms in today's crucial national address his commitment to political liberalisation, and sets a date for a referendum to test the support for his Government, then the market could bounce back from its Olympics-induced stupor.

S.Korea



ASIA PACIFIC

Nikkei declines as caution sets in

Tokyo

INVESTOR caution set in yesterday and share prices ended lower in reduced volumes, *writes Michiyo Nakamoto in Tokyo.*

The Nikkei average, which plunged 223.54 points in a half-day session on Saturday, lost another 154.60 to 27,545.53. The high of the day was 27,775.58 and the low 27,495.68.

The number of shares falling outnumbered those rising by 502 to 322 and 174 issues were unchanged. Volume sank to 673.11m shares compared with 1.11bn on Friday.

In later trading in London, Japanese shares edged up slightly with the ISE/Nikkei 50 index adding 0.69 to 1,772.11.

"There was perhaps too much expectation that the new term would bring about another surge of energy, and since this hasn't really happened, investors were somewhat let down," said an analyst at Daiwa Securities.

Overseas news did not provide any buying incentive either. Some analysts are even saying that interest in the market is starting to wane, given the fact that it has failed to gain momentum in spite of such favourable conditions as low oil prices, and stable currency exchange markets and interest rates.

With no external factors to give it direction, the market was perhaps unduly affected by the performances of two companies, whose share prices had recently been pushed up by speculative groups.

Konica and Koito Manufacturing both suffered huge losses and gave individual investors plenty of reason to feel nervous about yesterday's market.

Konica, the leading producer of photosensitive material, had been heavily bought and risen considerably in recent sessions. Rumours that the group behind the buying was having financial trouble sent Konica's share price down Y200 to Y1,000.

Koito Manufacturing, a top automotive lighting equipment maker, had also been the target of a speculative group which was rumoured to be having financial trouble. Koito fell Y240 to Y2,660.

Buying interest focused on shipbuilding companies such as Mitsubishi Heavy Industries, the volume leader at 93.5m shares, rising Y14 to Y993. Kawasaki Heavy Industries added Y6 to Y698 in heavy volume.

Large capital steels ended mixed with Sumitomo Metal Industries, second in terms of volume at 67m shares, adding Y7 to Y725. Nippon Steel, the third most heavily traded issue at 47.5m shares, lost Y7 to Y785 while NKK declined Y18 to Y782. Kawasaki Steel was unchanged at Y889.

Demand centred also on trading firms on expectations that trade with China will show significant growth. Mitsui and Co added Y19 to Y875 while C. Itoh rose Y10 to Y851.

Trading in Osaka was sluggish and prices fell slowly throughout the day. The OSE average dropped 125.75 to 26,065.92 and volume fell to 54.8m shares from 86.1m on Friday. Sumitomo Metal was the most heavily traded issue at 9.9m shares, adding Y4 to Y722.

SHARE VOLUMES soared in Taiwan yesterday after the Government revised its capital gains tax plans in response to panic selling on the Taipei exchange over the past four sessions, *writes Hilary de Boerr.*

Turnover rose sharply to NT$8.7bn (US$301m) from a paltry NT$132m on Saturday after Ms Shirley Kuo, the Finance Minister, said investors would be liable to capital gains tax on annual equity purchases worth NT$10m or more, rather than the original NT$3m. She also reduced the rate of transaction tax to 0.15 per cent from the present 0.3 per cent. Both take effect at the start of next year.

Share prices plummetted early yesterday as investors rushed to sell, forcing stocks down by the daily maximum allowable of 3 per cent. But buyers appeared at those levels after news of the tax change, and the weighted index ended 215.68 lower at 7,990.75. The market has dropped by 9 per cent since the news was announced.

The boost to volumes was the most significant feature of yesterday's session, although turnover still stands well below the NT$50bn seen before the tax news.

"The improved turnover signifies that things could start stabilising," said one analyst. "I believe that once the investing public actually realises what effect the capital gains tax and the reduced transaction tax is going to have on the average investor, the market will continue to rise."

Roundup

VOLUMES stuck at low levels and share prices lost ground in the main Asia Pacific markets.

HONG KONG was taken lower by the absence of fresh news and falls on leading world markets, with the Hang Seng index falling 11.98 to 22,429.07.

Turnover fell to HK$297.5m worth of shares from HK$368.7m on Friday.

Food manufacturer E D and F Man Pacific was suspended for the day following a tender offer to an unnamed associated company for the disposal of one of its properties.

SINGAPORE saw light selling and ended lower as institutions largely sat out the session. The Straits Times industrial index fell 11.91 to 1,023.05.

Turnover dropped to 10.8m shares, its lowest for six months, after 15m on Friday. What activity there was centred mainly on hotels, Malaysian speculative and low-priced stocks.

AUSTRALIA finished lower after a lacklustre session, with trading hit by the Labour Day holiday and the closure of some trading floors. The All Ordinaries index slipped 9.0 to 1,542.6.

Among industrials, Mayne Nickless, trading ex-dividend and ex-bonus issue, dropped A$1.20 to A$6.10.

FT-ACTUARIES WORLD INDICES

Jointly compiled by the Financial Times, Goldman, Sachs & Co., and Wood Mackenzie & Co. Ltd., in conjunction with the Institute of Actuaries and the Faculty of Actuaries

NATIONAL AND REGIONAL MARKETS	FRIDAY SEPTEMBER 30 1988					THURSDAY SEPTEMBER 29 1988			DOLLAR INDEX		
Figures in parentheses show number of stocks per grouping	US Dollar Index	Day's Change %	Pound Sterling Index	Local Currency Index	Gross Div. Yield	US Dollar Index	Pound Sterling Index	Local Currency Index	1988 High	1988 Low	Year ago (approx)
Australia (85)	138.86	+0.6	121.75	117.66	4.13	138.10	121.69	117.20	152.31	91.16	169.89
Austria (16)	87.50	+0.0	76.72	85.40	2.45	87.53	77.13	85.59	98.18	83.72	100.09
Belgium (63)	120.76	+0.5	105.88	118.68	4.25	120.14	105.86	118.21	139.89	99.14	125.61
Canada (125)	119.29	−0.1	104.58	105.12	3.25	119.46	105.26	105.32	128.91	107.06	136.47
Denmark (39)	132.30	+0.7	115.99	129.51	2.31	131.41	115.79	129.04	132.72	111.42	115.59
Finland (26)	114.41	−0.3	100.31	106.39	1.66	114.70	101.07	106.86	139.53	106.78	—
France (128)	98.76	+0.5	86.59	98.68	3.29	98.23	86.56	98.69	99.62	72.77	108.24
West Germany (100)	79.49	+1.0	69.69	77.38	2.40	78.68	69.33	76.98	80.79	67.78	102.14
Hong Kong (46)	99.86	+0.2	87.55	100.12	4.97	99.62	87.78	99.86	111.86	84.90	157.89
Ireland (18)	130.62	−0.3	114.52	128.89	3.84	131.01	115.44	129.50	144.25	104.60	154.36
Italy (100)	75.01	+1.2	65.76	78.15	2.57	74.13	65.32	77.62	81.74	62.99	90.19
Japan (456)	161.25	+1.3	141.37	136.48	0.54	159.11	140.21	135.13	177.27	133.61	144.00
Malaysia (36)	136.06	+0.0	119.29	140.67	2.78	136.04	119.87	140.10	154.17	107.83	175.76
Mexico (13)	155.39	+1.1	136.24	388.73	1.40	153.75	135.48	384.61	180.07	90.07	386.62
Netherland (38)	103.33	+1.1	90.59	99.51	4.89	102.24	90.09	99.02	110.66	95.23	124.33
New Zealand (20)	70.32	+0.1	61.65	60.97	5.95	70.22	61.88	60.47	84.05	64.42	135.26
Norway (25)	113.12	+1.1	99.18	106.21	2.81	111.87	98.57	105.38	132.23	98.55	177.95
Singapore (26)	118.41	+0.5	103.82	111.32	2.47	117.82	103.82	110.76	135.89	97.99	165.94
South Africa (60)	104.86	−1.7	91.94	92.61	4.65	106.71	94.03	92.38	139.07	98.26	180.01
Spain (43)	138.98	+1.7	121.85	130.24	3.51	136.68	120.44	128.96	164.47	130.73	162.65
Sweden (35)	120.16	+0.9	105.35	114.16	2.50	119.07	104.92	113.65	125.50	96.92	132.69
Switzerland (56)	77.80	+0.7	68.21	76.37	2.26	77.22	68.05	76.27	86.75	74.13	109.67
United Kingdom (322)	128.72	+0.4	112.85	112.85	4.64	128.15	112.93	112.93	141.18	120.66	158.87
USA (580)	111.23	−0.2	97.52	111.23	3.59	111.44	98.20	111.44	112.47	99.19	134.06
Europe (1008)	105.66	+0.7	92.64	98.55	3.78	104.92	92.46	98.36	110.82	97.01	128.59
Pacific Basin (669)	157.90	+1.3	138.44	134.24	0.76	155.89	137.37	132.96	172.26	130.81	145.35
Euro-Pacific (1677)	137.03	+1.1	120.14	119.95	1.70	135.53	119.42	119.09	147.53	120.36	138.71
North America (705)	111.64	−0.2	97.88	110.87	3.57	111.85	98.56	111.08	113.29	99.78	134.18
Europe Ex. UK (686)	91.23	+0.9	79.99	89.80	3.06	90.40	79.66	89.44	92.99	80.27	109.77
Pacific Ex. Japan (213)	117.63	+0.4	103.14	106.21	4.36	117.14	103.22	105.80	128.27	87.51	162.01
World Ex. US (1875)	136.11	+1.0	119.33	119.30	1.77	134.70	118.69	118.48	146.49	120.26	139.23
World Ex. UK (2133)	126.21	+0.7	110.65	116.86	2.14	125.39	110.49	116.34	131.77	111.77	135.06
World Ex. So. Af. (2395)	126.55	+0.6	110.95	116.63	2.36	125.74	110.79	116.17	132.39	113.26	136.90
World Ex. Japan (1999)	109.74	+0.1	96.22	106.39	3.68	109.60	96.58	106.42	112.43	100.00	133.94
The World Index (2455)	126.41	+0.6	110.83	116.47	2.37	125.62	110.69	116.01	132.38	113.37	137.18

Base values: Dec 31, 1986 = 100; Finland: Dec 31, 1987 = 115.037 (US $ Index), 90.791 (Pound Sterling) and 94.94 (Local).

Latest prices were unavailable for this edition.